

ACTIVITIES
OF THE
SENATE COMMITTEE ON EXPENDITURES
IN THE EXECUTIVE DEPARTMENTS

EIGHTY-FIRST CONGRESS



PRESENTED BY MR. McCLELLAN

JANUARY 15 (legislative day, JANUARY 8), 1951.—Ordered to be printed

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JANUARY 15 (legislative day, JANUARY 8), 1951.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Expenditures in the Executive Departments, submitted the following

REPORT

In accordance with subsection (g) of Rule XXV of the Standing Rules of the Senate (Public Law No. 601, 79th Cong.), the following report is submitted to the Senate relative to the activities of the Committee on Expenditures in the Executive Departments in the Eighty-first Congress. Also appended hereto are reports from standing subcommittees.

As indicated in the table of contents, this report is divided into sections summarizing the work of the full committee, and of its four standing subcommittees. The text covering the full committee discusses reorganization developments, various bills and resolutions referred to the committee, and special committee studies and reports.

During the Eighty-first Congress the Committee on Expenditures in the Executive Departments was increasingly active under its broad assignments in the Legislative Reorganization Act of 1946. This enlarged scope of operation shows a continued progression even over the committee's high record of activity in the Eightieth Congress. (See S. Doc. No. 4, 81st Cong.)

The functions of the committee under the act require consideration of legislation and other matters dealing with budgeting and accounting, other than appropriations, and with reorganization in the executive branch of the Government, an area that has been increasingly developed in the past 2 years in the consideration of the Hoover Commission reports. The committee is further authorized and directed to study audit and special reports to the Congress by the Comptroller General of the United States (General Accounting Office), and to submit to the Senate such recommendations as it may deem advisable; to study the operation of Government activities at all levels with a view to determining its economy and efficiency; to evaluate the effects of laws enacted to reorganize the legislative as well as executive

branch of the Government; and to study intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

SUBCOMMITTEES

During the second session of the Eightieth Congress, the Senate discontinued the Special Committee to Investigate the National Defense Program (originally created during World War II, under the chairmanship of Senator Truman), and transferred its functions and staff to the Senate Committee on Expenditures in the Executive Departments. The committee thereupon established a Subcommittee on Senate Investigations, under which the functions of the special committee and the then existing Subcommittee on Surplus Property Disposal were combined. The policy of this and other committees, as well as individual Members of the Senate, has been to refer complaints or reports of Federal irregularities which might involve extensive investigations to the Subcommittee on Senate Investigations. This assures that the services of the trained staff of investigators, legal and specialized personnel, retained by the subcommittee for such purposes on a full-time and continuing basis, are fully utilized, through the elimination of temporary and duplicating staffs heretofore retained by other committees.

In addition to the above committee assignments, the three following subcommittees were established by the committee to give special consideration and continuous study to the functions indicated: (a) To study intergovernmental relations; (b) to study relations with international organizations; and (c) to investigate wildlife conservation.

Senate Resolutions 51, 52, 205, and 206, continuing these subcommittees originally created in the Eightieth Congress, were approved by the Senate Committee on Rules and Administration, and necessary funds provided for their specialized operations. Reports on the activities of all subcommittees have been compiled by them, and are attached to this report.

In addition there were 19 temporary subcommittees appointed by the full committee to consider assigned legislation, involving approximately 50 separate bills and resolutions, to hold hearings thereon and to report to the committee.

REPORTS FILED BY THE COMMITTEE

During the Eighty-first Congress, there was a total of 123 bills and resolutions referred to this committee for consideration, on 46 of which hearings were held. Sixty-seven reports were filed with the Senate to accompany specific bills, resolutions, and reorganization plans; 34 on legislative proposals, 17 on resolutions to disapprove reorganization plans, and 16 on reorganization plans upon which no resolutions of disapproval were filed.

The committee adopted a policy of reporting on all reorganization plans submitted by the President, whether or not resolutions of disapproval were filed, in order that the Senate might be fully informed regarding the purpose and effect of each plan. The two exceptions on which no reports were submitted were plan No. 8 of

1949, dealing with the National Military Establishment, which was included in substantive law (Public Law 216), and plan No. 25 of 1950, vesting the powers of the National Security Resources Board in its Chairman, to which there was some opposition in the committee to the filing of an approving report, although no disapproving resolution was introduced.

In carrying out its over-all responsibility to the Senate in connection with reorganizations in the executive branch, the committee also submitted 24 special reports, 9 of which dealt directly with the Hoover Commission reports, as follows:

1. Senate Document No. 28, Reports to the Congress by the Commission on Organization of the Executive Branch of the Government, March 11, 1949 (5 pages).
2. Index to the Reports of the Commission on Organization of the Executive Branch of the Government and to Supporting Task Force Reports. Does not cover typescript task force reports¹ (77 pages).
3. Digest of Reports of the Commission on Organization of the Executive Branch of the Government, May 18, 1949 (61 pages).
4. Senate Document No. 81, Task Force Reports of the Hoover Commission on Federal-State Relations (297 pages).
5. Senate Report No. 1158, Progress on Hoover Commission Recommendations, October 12, 1949 (388 pages).
6. Senate Committee Report No. 7, Legislative Action on Hoover Commission Reports, February 1, 1950 (21 pages).
7. Senate Committee Report No. 8, Controversy Over Hoover Commission Recommendations Affecting Veterans, February 11, 1950 (10 pages).
8. Senate Report No. 1774, Reorganization Plans of 1950, June 2, 1950 (24 pages).
9. Senate Report No. 2581, Action on Hoover Commission Reports, October 12, 1950 (152 pages).

Of the remaining 15 special reports filed by the committee, 7 were prepared by subcommittees and are summarized in this report under the activities of such subcommittees, and 4 were on Organization of Federal Executive Departments and Agencies, details of which are set forth under the title, "Charts of the Organization of the Executive Branch of the Government." The four remaining reports were as follows:

1. Management Survey of the United States Maritime Commission, December 21, 1948. (Available through Superintendent of Documents, GPO, 221 pages).
2. Senate Document No. 4, Activities of the Senate Committee on Expenditures in the Executive Departments, Eightieth Congress, January 13, 1949 (35 pages).
3. Senate Document No. 150, Increasing Cost of the Federal Government, March 28, 1950 (19 pages).
4. Senate Report No. 2120, Fees for Special Services, July 24, 1950 (15 pages)

REORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

As provided by the Legislative Reorganization Act of 1946, proposed legislation, messages, petitions, memorials, and other matters relating to reorganizations of the executive branch of the Government, including all of the reports of the Commission on Organization of the Executive Branch of the Government, were referred to the committee for consideration and action (sec. 102 (1) (g) (B)).

Included in the foregoing was a total of 35 reorganization plans submitted by the President, pursuant to provisions of the Reorgani-

¹ This index was prepared at the request of the committee by the Legislative Reference Service, Library of Congress. It was published as a committee print on April 21, 1949, and was included as a part of the concluding report of the Hoover Commission.

zation Act of 1949, to implement the recommendations of the Hoover Commission. The importance of the Hoover Commission's recommendations and reorganization plans and other activating legislation arising therefrom, required a major portion of the time and efforts of the committee and its staff throughout the entire Eighty-first Congress.

More than 350 separate bills and resolutions were introduced in the Eighty-first Congress proposing to implement part or all of the recommendations of the Hoover Commission. Of the 144 such proposals introduced in the Senate, 67 were referred to this committee for consideration. In addition, the 35 reorganization plans submitted by the President were also referred to the committee. Legislative action taken on these proposals is set forth in detail in various sections of this report.

Reorganization plans

Under authority of the Reorganization Act of 1949, the President submitted seven reorganization plans to the Congress on June 20, 1949 (H. Doc. Nos. 221-227, inclusive). Subsequently, the House Committee on Armed Services having failed to act on the Senate approved bill providing for unification of the military services as recommended by the Hoover Commission, the President also submitted plan No. 8 on July 18, 1949 (H. Doc. No. 262).

On March 13, 1950, in the second session of the Eighty-first Congress, the President submitted 21 additional reorganization plans (plans Nos. 1-21, H. Doc. Nos. 503-526, inclusive); on May 9, four more (plans Nos. 22, 23, 24, and 25, H. Doc. Nos. 587-590, inclusive); and on May 31, the final two (plans Nos. 26 and 27, H. Doc. Nos. 609 and 610); or a total of 27 plans during the second session of the Eighty-first Congress.

Of these 35 plans (8 in 1949 and 27 in 1950), 8 were rejected by Congress, 1 was effectuated by other legislation, and 26 became effective. The eight plans rejected were No. 1 of 1949 (Department of Welfare), and seven plans of 1950, as follows: No. 1 (Department of the Treasury), No. 4 (Department of Agriculture), No. 7 (Interstate Commerce Commission), No. 11 (Federal Communications Commission), No. 12 (National Labor Relations Board), No. 24 (transfer of RFC to Department of Commerce), and No. 27 (Department of Health, Education, and Security).

The plans, however, include two duplications, as follows: (a) No. 1 of 1949 and No. 27 of 1950, two rejected plans dealing similarly with a new Department of Welfare; and (b) No. 1 of 1950, rejected, counterbalanced by No. 26 of 1950, approved, which dealt similarly with reorganizations of the Treasury Department. If these duplicates are eliminated, it may be stated that only 6 of the total of 35 reorganization plans were rejected by Congress.

Of the remaining 27 plans, plan No. 8 of 1949, to reorganize the National Military Establishment, was replaced by Public Law 216, Eighty-first Congress, approved August 10, 1949. The other 26 plans became effective on the following dates: 6 plans (Nos. 2 through 7 of 1949) on August 20, 1949; 1 plan (No. 25 of 1950) on July 9, 1950; 1 plan (No. 18 of 1950) on July 1, 1950; 1 plan (No. 26 of 1950) on July 31, 1950; 2 plans (Nos. 22 and 23 of 1950) on September 7, 1950; and the other 15 plans on May 24, 1950.

The Reorganization Act of 1949 provided that all plans forwarded to the Congress would go into effect after 60 days of continuous session

of Congress from the date of submission by the President, unless disapproved by the Senate or the House of Representatives by the adoption of a resolution of disapproval by a constitutional majority of either body. The six approved plans of 1949 went into effect after 60 days. The 15 plans taking effect on May 24, 1950, involved 71 days because an 11-day Easter recess of the House of Representatives had broken the continuity of the congressional session. Three other plans of 1950 had effective dates extended beyond the basic statutory 60 days because of special provisions in the respective plans (total of 120 days for plans Nos. 22 and 23; 110 days for plan No. 18).

The following tabulation presents a condensed summary of Senate action on all reorganization plans during both sessions of the Eighty-first Congress:

Action on reorganization plans, 81st Cong.

REORGANIZATION PLANS OF 1949

Plan No.	Title	Senate resolution of disapproval, No.	S. Rept. No.	Senate vote on resolution of disapproval		
				Yeas	Nays	Date
1	Department of Welfare.....	147	851	60	32	Aug. 16, 1949
2	Bureau of Employment Security.....	151	852	132	57	Aug. 17, 1949
3	Post Office Department.....	None	837			
4	National Security Council and National Security Resources Board.....	None	838			
5	Civil Service Commission.....	None	839			
6	Maritime Commission.....	None	840			
7	Public Roads Administration.....	155	927	140	47	Aug. 17, 1949
8	National Military Establishment ¹	None	None			

REORGANIZATION PLANS OF 1950

1	Department of Treasury.....	246-247	1518	65	13	May 11, 1950
2	Department of Justice.....	None	1683			
3	Department of Interior.....	None	1545			
4	Department of Agriculture.....	263	1566	(²)		May 18, 1950
5	Department of Commerce.....	259	1561	129	43	May 23, 1950
6	Department of Labor.....	None	1684			
7	Interstate Commerce Commission.....	253	1567	66	13	May 17, 1950
8	Federal Trade Commission.....	254	1562	134	37	May 22, 1950
9	Federal Power Commission.....	255	1563	137	36	Do.
10	Securities and Exchange Commission.....	None	1685			
11	Federal Communications Commission.....	256	1564	50	23	May 17, 1950
12	National Labor Relations Board.....	248	1516	53	30	May 11, 1950
13	Civil Aeronautics Board.....	None	1686			
14	Labor Standards Enforcement.....	None	1546			
15	Alaska and Virgin Islands Public Works.....	None	1547			
16	Assistance to School Districts and Water Pollution Control.....	None	1548			
17	Advance Planning and War Public Works.....	271	1676	129	43	May 23, 1950
18	Building and Space Management Functions.....	270	1675	17	69	Do.
19	Employees' Compensation Functions.....	None	1549			
20	Statutes at Large and Other Matters.....	None	1550			
21	Maritime Commission.....	265	1674	114	59	May 19, 1950
22	Federal National Mortgage Association.....	299	1936	30	43	July 6, 1950
23	Loans for Factory Built Homes.....	None	1870			
24	RFC to Department of Commerce.....	290	1868	(³)		July 6, 1950
25	National Security Resources Board.....	None	None			
26	Department of the Treasury ⁴	None	1869			
27	Department of Health, Education, and Security ⁵	302	1943	(⁶)	(⁶)	(⁶)

¹ Senate rejects resolution by less than the necessary 49 votes.

² Superseded by Public Law 216, Aug. 10, 1949.

³ Senate approves resolution by voice vote.

⁴ Same as plan No. 1 of 1950, excluding Comptroller of the Currency.

⁵ Designed to overcome objections to plan No. 1 of 1949.

⁶ House adopts disapproving H. Res. No. 647 by vote of 249 to 71 on July 10, 1950.

NOTE.—Full details regarding all plans are contained in the Senate reports, numbers of which are indicated opposite each plan, or in S. Rept. No. 2581, Oct. 12, 1950.

Major reorganization legislation

This committee, under provisions of the Legislative Reorganization Act, had jurisdiction of and acted upon legislation which dealt with across-the-board recommendations in the Hoover Commission reports on (a) general management of the executive branch, (b) Office of General Services (supply activities), and (c) budgeting and accounting. Most of the general management recommendations were effectuated through reorganization plans. The committee, after extensive hearings and studies, drafted and reported favorably on general legislation carrying out practically all of the recommendations in the Hoover reports on general services and budgeting and accounting. The Congress approved the committee's action through the enactment of the Federal Property and Administrative Services Act of 1949, and amendments thereto covering records management (Public Laws Nos. 152 and 754), and the Budget and Accounting Procedures Act of 1950 (Public Law No. 784). Details of the legislative action leading to the activation of these reports are set forth under the section hereof entitled "Bills and Resolutions Referred to the Committee."

Progress report on Hoover Commission recommendations

On October 12, 1949, the committee issued Senate Report No. 1158, embodying a complete digest of the Hoover Commission's recommendations in each of its 18 major reports and the concluding summary submitted to the Congress pursuant to provisions of Public Law 162, Eightieth Congress, approved July 7, 1947 (establishing the Hoover Commission), together with legislative action taken during the first session of the Eighty-first Congress.

The report contains a Bureau of the Budget analysis of each of the recommendations of the Hoover Commission, together with the Bureau's views as to the necessary steps (reorganization plan, substantive legislation, appropriation legislation, or administrative action) to effectuate each. This analysis, as extended to include all of the 281 recommendations made by the Commission, indicates a total of 322 separate reorganizations required to give full effect to the entire program.

The report also contains detailed comments from 49 Federal agencies affected by the recommendations in the Commission's reports, including each agency's views thereon, segregated in accordance with the subject matter of the several reports.

Moreover, Senate Report No. 1158 includes a tabulation of pertinent bills introduced during the first session of the Eighty-first Congress, committees having jurisdiction thereof, and their legislative status as of the close of the session. A comprehensive index to departments, agencies, and legislation was appended.

Action on the Hoover Commission reports

On October 12, 1950, the committee issued Senate Report No. 2581, Action on Hoover Commission Reports, based on related accomplishments of the entire Eighty-first Congress, and supplementing the broader analysis in Senate Report No. 1158. Senate Report No. 2581 contains summaries of major implementing legislative action and a

condensed table thereof showing appropriate segregation according to the various Commission reports. This report likewise contains indexes to departments, agencies, public laws, reorganization plans, and pending bills and resolutions.

IMPLEMENTATION OF REORGANIZATIONS APPROVED BY THE CONGRESS

Senate Rule XXV, as amended by the Legislative Reorganization Act of 1946, vests in this committee jurisdiction over legislation pertaining to "reorganizations in the executive branch of the Government" and imposes the specific duty of "evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government." Pursuant thereto, the committee communicated with each of the Federal agencies affected by any of the plans approved or laws enacted during the first and second sessions of the Eighty-first Congress in order to accomplish the evaluation so required, based on administrative actions taken to carry out the reorganizations thus authorized.

Each agency was requested to advise the committee in detail as to: (a) Steps taken to carry out authorized reorganizations; (b) administrative deficiencies eliminated or improvements made in organization and management as a result thereof; and (c) estimates of savings that may have been realized or that may be expected therefrom. Agency comments were requested as well with respect to progress made under general legislation affecting all agencies, such as the Federal Property and Administrative Services Act of 1949, as amended, the Budget and Accounting Procedures Act of 1950, and the Performance Rating Act of 1950. A summation was made of the information furnished to the committee by the agencies in response to this request in a report submitted to the Senate (S. Rept. No. 2680), entitled "Reorganizations in the Executive Branch of the Government" on December 19, 1950.

BILLS AND RESOLUTIONS REFERRED TO THE COMMITTEE

The committee, during the Eight-first Congress, had under consideration 123 bills and resolutions, of which 41 were reported favorably to the Senate and 31 were enacted into law, combining the provisions of 65 separate measures. Three of these bills were passed by the Senate (S. 526, S. 2020, and S. 3850), adopted as amendments to House bills pending on the Senate Calendar (H. R. 2361, H. R. 4754, and H. R. 9038, respectively), which were then passed in lieu of the Senate bills. The House Committee on Expenditures in the Executive Departments reported favorably five companion bills to Senate measures (H. R. 4095, H. R. 4442, H. R. 8621, H. R. 8662, and H. R. 9129) previously approved by the Senate, and Senate bills (S. 2170, S. 1745, S. 3652, S. 3653, and S. 3959, respectively) were passed in the House in lieu of the House bills.

The following is a tabulation of bills and resolutions on which favorable reports were filed in the Senate (excluding reports on reorganization plans¹):

¹ See p. 5 for Senate reports on resolutions of disapproval of reorganization plans.

8 COMMITTEE ON EXPENDITURES IN EXECUTIVE DEPARTMENTS

Passed Senate		Bill enacted		Duplicating bills incorporated in other bills
Senate bill	House bill	Bill No.	Public Law No.	
S. 170.....		S. 170.....	20	
S. 526 ¹	H. R. 2361.....	H. R. 2361.....	109	
	H. R. 3005.....	H. R. 3005.....	92	S. 352, S. 649, and S. 701.
	H. R. 5951.....	H. R. 5951.....	482	S. 2422.
	H. R. 3851.....	H. R. 3851.....	311	S. 972.
	H. R. 2402.....	H. R. 2402.....	7	S. 829.
S. 2020 ¹	H. R. 4754.....	H. R. 4754.....	152	S. 597, S. 859, S. 990, S. 991, and S. 1809.
	H. R. 5003.....	H. R. 5003.....	684	S. J. Res. 177, and S. 1939.
	H. R. 7477.....	H. R. 7477.....	623	S. 922.
	H. J. Res. 340.....	H. J. Res. 340.....	394	S. J. Res. 127.
	H. J. Res. 373.....	H. J. Res. 373.....	427	
	H. Con. Res. 97.....	H. Con. Res. 97.....	(²) 754	H. R. 9129, ³ S. 2692, S. 3781, S. 3842.
S. 3959.....		S. 3959.....		
S. 3728.....		S. 3728.....	821	
S. 3850 ¹	H. R. 9038.....	H. R. 9038.....	784	S. 2054.
	H. R. 3549.....	H. R. 3549.....	159	S. 1366.
S. 3653.....		S. 3653.....	656	H. R. 8662. ³
S. 3226.....		S. 3226.....	541	
S. 2018.....		S. 2018.....	688	
	H. R. 5526.....	H. R. 5526.....	673	
	H. R. 9430.....	H. R. 9430.....	830	S. 3971, S. 4001, S. 4002.
S. 2969.....		S. 2969.....	540	
S. 3652.....		S. 3652.....	636	H. R. 8621. ³
S. 2357.....		S. 2357.....	633	
S. 1745.....		S. 1745.....	225	H. R. 4442. ³
S. 1746.....		S. 1746.....	467	
	H. R. 1158.....	H. R. 1158.....	101	
	H. R. 1338.....	H. R. 1338.....	122	S. 1011.
	H. R. 7667.....	H. R. 7667.....	649	S. 1817, S. 3256.
S. 2170.....		S. 2170.....	236	H. R. 4095. ³
S. 4266.....		S. 4266.....	921	S. 4264.

¹ House bill substituted on Senate floor.

² This resolution confirms previous legislative action under Public Law 152.

³ Senate bill substituted in the House of Representatives.

Passed Senate, Senate bills, 16; House bills, 18; bills enacted, 31; public laws, 31; duplicating bills incorporated in other bills, 31.

In addition to the above 34 tabulated bills and resolutions reported favorably, the committee also reported favorably 7 of 18 resolutions filed in the Senate to disapprove 17 reorganization plans—7 resolutions of disapproval without recommendation, and 3 unfavorably. Favorable reports were also submitted on 16 reorganization plans on which no resolutions of disapproval were filed, and likewise omitted from the above tabulation. A total of 67 reports on legislation were therefore filed by the committee during the Eighty-first Congress.

Of the remaining 40 bills and resolutions considered by the committee, 1 was reported favorably (S. 2072), approved by the Senate, but failed of final passage in the House; 3 were reported to the Senate (S. 1946, S. 3147, and S. J. Res. 108), and were indefinitely postponed or remained on the Senate Calendar when the Eighty-first Congress adjourned; and 36 were considered by the committee and various action taken thereon as indicated hereinafter. These latter bills remained on the committee calendar, either because they were referred to subcommittees for study and action, or indefinitely postponed in executive session.

Public laws—General legislation

The following is a brief tabulation of legislation reported by the committee, approved by the Congress, and enacted into law during the Eighty-first Congress:

S. 526, H. R. 2361, Public Law 109, Reorganization Act of 1949.— Authorizes the President to submit reorganization plans to Congress. This recommendation was made to the Congress by the Hoover Commission on January 13, 1949 (H. Doc. No. 37), to expedite action on its reports. It was followed by a message from the President of the United States, transmitted to Congress on January 17, 1949 (H. Doc. No. 42), pointing up the magnitude and importance of the program ahead as requiring able leadership, sound management, and good administrative machinery to carry out a vast responsibility. In his message, the President recommended that the Congress enact legislation to provide permanent reorganization procedure such as had been temporarily provided by the Reorganization Acts of 1939 and 1945.

One bill was introduced in the Senate (S. 526, McClellan, Eastland, McCarthy, Hoey, and O'Connor), and two in the House (H. R. 1569 and H. R. 2361). H. R. 2361 was reported from the House Committee on Expenditures in the Executive Departments on February 7, 1949 (H. Rept. No. 23), and passed the House on the same day. The Senate committee reported S. 526 on April 7, 1949 (S. Rept. No. 232).

S. 526 was passed by the Senate on May 16; H. R. 2361 was then substituted for the Senate bill and sent to conference. A compromise on differences between the two bills was reached in conference, relative to the method of disapproval of reorganization plans submitted to the Congress by the President, under which either the House or the Senate was vested with authority to disapprove a plan by a constitutional majority within 60 calendar days of continuous session by a simple resolution of disapproval; i. e., by the affirmative vote of a majority of the authorized membership of that House. The compromise bill also incorporated Senate proposals granting the President authority to create new executive departments, eliminated all restrictive and limitation provisions, and limited the life of the act to April 1, 1953 (H. Rept. No. 843). The amended bill was signed by the President on June 20, 1949, as Public Law 109.

S. 352, H. R. 3005, Public Law 92, Travel Expense Act of 1949.— During the Eightieth Congress this committee held hearings and considered at length a bill (S. 544) to provide for an increase in subsistence allowances to Federal employees from \$6 to \$10 per day to meet increased costs involved in traveling on Government business (see p. 16, S. Doc. No. 4). The bill was reported favorably, with an amendment reducing the maximum to \$8 per day. A further amendment was adopted on the Senate floor, removing application of the proposed legislation to personnel of the Army and Navy who preferred the then existing \$7 per day allowance and certain other additional expense items which would exceed the \$8 maximum proposed in the bill. Although the Senate approved the bill unanimously, it was not reported out of the House Committee on Expenditures in the Executive Departments.

In the Eighty-first Congress three bills were introduced in the Senate to accomplish the same objectives, S. 352 (McClellan), S. 649 (Kilgore), and S. 701 (Pepper), and referred to the committee. The chairman of the committee introduced S. 352 on January 13, 1949, to increase subsistence allowances from \$6 to a maximum of \$10 per day. A similar bill, H. R. 828, was introduced in the House. Consultations were held on S. 352 by the committee, in executive session, with

representatives of the Bureau of the Budget and the General Accounting Office, and, on February 12, a committee print of a revised bill was considered. A copy was furnished to the House Committee on Expenditures in the Executive Departments at their request, and the Senate print was then introduced as H. R. 3005 in the House, on February 24.

The House committee reported H. R. 3005 on April 5 (H. Rept. No. 389), which passed the House on May 10, 1949. This committee accepted the House amendment, reducing the maximum per diem allowances from \$10 to \$9, and reported the bill favorably on May 27 (S. Rept. No. 428), with perfecting amendments. The bill, incorporating the general provisions of S. 352, S. 649, and S. 701, passed the Senate on June 2, and was approved by the President on June 9, 1949, as Public Law 92.

This action on the part of the committee was approved by the Hoover Commission in its task force report accompanying the Report on General Management of the Executive Branch, which recommended that the present \$6 per diem maximum travel allowance should be revised.

S. 2422, H. R. 5951, Public Law 482, to amend section 3 of the Travel Expense Act of 1949.—The chairman of the committee introduced on October 4, 1949, a bill, S. 2422, to amend Public Law 92 in order to permit civilian employees and officers who become ill or injured, not due to their own misconduct, while in travel status or on official business, to continue to receive per diem allowances. This was an administration bill submitted to the committee to correct a condition of employment which had resulted in inequities and, in some instances, extreme hardship to Government officers and employees.

A companion bill, H. R. 5951, was introduced in the House on August 10, 1949, reported favorably (H. Rept. No. 1332) on August 25, and passed the House on October 3, 1949. The committee then reported the House bill in lieu of S. 2422, on March 22, 1950 (S. Rept. No. 1364), which passed the Senate on April 19, and was approved by the President on April 26, 1950, as Public Law 482.

S. 972, H. R. 3851, Public Law 311, disposal of surplus airport property.—The purpose of this act is to place in one governmental agency (Civil Aeronautics Administration) the sole responsibility for determining and enforcing compliance with the terms and conditions under which surplus properties are transferred for airport purposes, pursuant to the Surplus Property Act of 1944, as amended, and to remove or permit the removal of certain restrictions against the use of such properties which prevent or hamper the accomplishment of the purposes contemplated by the transfers.

S. 972 was introduced by Senator Sparkman on February 17, 1949. A companion bill (H. R. 3851) was filed in the House and reported favorably by the House Committee on Expenditures on April 7 (H. Rept. No. 409), passed the House on May 16, and was referred to this committee on May 17, 1949. After being considered by a special subcommittee headed by Senator Humphrey, the House bill was reported favorably, with amendments, on July 15 (S. Rept. No. 690), and passed the Senate on August 27, 1949. The House agreed to the Senate amendments, and the bill was approved as Public Law No. 311 on October 1, 1949.

S. 829, H. R. 2402, Public Law 7, to extend the Office of the War Assets Administrator and the War Assets Administration from February 28,

1949, until June 30, 1949.—This bill was submitted to the Congress by the administration in order to extend the authority of WAA which would have otherwise expired on February 28, 1949, until Public Law 152, creating the General Services Administration, to which the WAA functions were transferred on a permanent basis, could be finally approved by the Congress.

S. 829 was introduced in the Senate by Senator McClellan on February 7, 1949, and reported favorably by the committee on February 10 (S. Rept. No. 52). The House approved a companion bill, H. R. 2402, on February 14 (H. Rept. No. 40), and the chairman of the committee obtained unanimous consent for immediate consideration of the House bill in lieu of S. 829, which passed the Senate on February 17, and was signed by the President on February 21, 1949, as Public Law No. 7.

S. 2020, H. R. 4754, *Public Law 152, Federal Property and Administrative Services Act of 1949*.—Under this act, all Federal housekeeping functions were consolidated in a new agency, the General Services Administration. The Federal Works Agency and the War Assets Administration were abolished and their functions, along with those of the National Archives and the Bureau of Federal Supply and Office of Contract Settlement formerly in the Department of the Treasury, were transferred to GSA on July 1, 1949. Authority was granted to the GSA to supervise all Federal procurement activities, to improve records-management policies, and to formulate transportation and traffic management methods and procedures in the interest of economy of operation in these fields.

This act includes most of the recommendations of the Hoover Commission in its report, with certain additional provisions adopted by the committee which would extend the functions of the newly created General Services Administration into general areas of the Federal Government. The Commission estimated that the approval of this act should effect annual savings of \$250,000,000 when fully activated.

The chairman of the committee introduced a bill (S. 991) submitted to the committee by attorneys for the Hoover Commission on February 17, 1949, designed to implement the recommendations of the Hoover Commission in its report on Office of General Services (supply activities). At the same time an administration bill (S. 990) prepared by representatives of the Federal Works Agency, the Bureau of the Budget, the Bureau of Federal Supply, the General Accounting Office, and other affected agencies, as a result of activities of this committee in the Eightieth Congress (S. 2754, p. 18, S. Doc. 4), was submitted to the committee and introduced by the chairman. This bill provided for a complete reorganization and simplification of the procurement, utilization, and disposal of Government property, and was designed to incorporate all general housekeeping functions performed by the various agencies of the executive branch under centralized control. These and other bills, S. 597 (McClellan), providing for the more economical operation of the general supply fund of the Bureau of Federal Supply, and S. 859 (McClellan), authorizing the Federal agencies to donate surplus property for educational purposes and extending the public-benefit allowances under the Surplus Property Act, previously introduced, were considered by the committee in drafting an over-all committee bill designed to incorporate desirable provisions of all of them. The committee bill (S. 1809) was reported favorably by the committee

on May 9, 1949 (S. Rept. No. 338). After further examination, and as a result of consultations with representatives of the Hoover Commission, the committee bill (S. 1809) was further amended and reported favorably as a new bill (S. 2020) on June 8, 1949 (S. Rept. No. 475).

The House Committee on Expenditures also held extensive hearings on H. R. 2781, a companion measure to S. 990. The Senate committee had prepared a committee print (similar to S. 1809) on May 2 for consideration in executive session, a copy of which was furnished to the House committee at their request. This committee print was subsequently introduced in the House as H. R. 4754, and reported on May 24, 1949 (H. Rept. No. 670). The House committee then abandoned its bill H. R. 2781. H. R. 4754 was passed by the House on June 8, 1949. Some of the additional provisions of the Senate bill S. 2020 were also incorporated in H. R. 4754 on the floor of the House. The Senate passed H. R. 4754, after substituting the language of S. 2020, on June 21, 1949. Amendments contained in the Senate bill, designed to further implement administrative authority and procedures, were adopted in conference between the House and Senate (H. Rept. No. 935), and the act was signed by the President on June 30, 1949, as Public Law 152.

The approval of Public Law 152 was a culmination of activities on the part of this committee preceding the creation of the Hoover Commission. During the Eightieth Congress S. 2754, to reorganize and simplify the procurement, utilization, and disposal of surplus property, entitled "The Federal Property Act of 1948," was drafted and filed in the Senate, but inasmuch as the committee contemplated that the Hoover Commission would make exhaustive studies into the centralization of procurement and property management services as proposed in S. 2754, committee action was withheld until the new Congress when the Commission's reports would be available. The Hoover Commission recommendations are closely in accord with the objectives of S. 2754, and a combination of these proposals are incorporated in Public Law 152.

Senate Joint Resolution 127, House Joint Resolution 340, Public Law 394, to clarify the status of the Architect of the Capitol under the Federal Property and Administrative Services Act of 1949.—Senate Joint Resolution 127 was introduced in the Senate on August 15, 1949, by Senator McClellan, and an identical resolution (H. J. Res. 340) was introduced in the House in order to clarify the status of the Architect of the Capitol with respect to his authority to procure supplies, materials, and services necessary for the care, maintenance, and operation of the Capitol, the Senate and House Office Buildings, etc., under the provisions of Public Law 152. House Joint Resolution 340 was reported favorably in the House (H. Rept. No. 1333) on August 25 and passed the House on October 3, 1949. The House resolution was reported by this committee on October 7 (S. Rept. No. 1136), passed the Senate on October 17 and was approved on October 26, 1949, as Public Law 394.

House Concurrent Resolution 97, to provide for a single catalog system.—This resolution, introduced in the House on February 7, 1950, was designed to place the Congress on record as having approved the previously authorized development and establishment of a single Federal supply catalog system to be utilized by all agencies of the

Government, at the earliest possible date. The authority to establish and maintain a uniform Federal catalog system was contained in section 206 of Public Law 152, but the Congress was not fully satisfied with the progress being made toward the completion of such a system or that the agencies concerned were effectively coordinating their efforts as had been contemplated. While a concurrent resolution has no effect of law, its adoption reemphasized the continuing interest of the Congress in the establishment of a single Federal supply catalog system and as favoring the acceleration of the previously authorized program.

House Concurrent Resolution 97 was reported from the Armed Services Committee of the House on January 20, 1950 (H. Rept. No. 1508) and passed the House on February 6, 1950. The resolution was approved by this committee on February 22 (S. Rept. No. 1361) and passed the Senate on April 19, 1950.

S. 3959, H. R. 9129, Public Law 754, to amend the Federal Property and Administrative Services Act of 1949.—On June 15, 1950, Senator McClellan introduced a bill (S. 3781) to amend the Federal Property and Administrative Services Act, Public Law 152, to extend the original act and to further implement recommendations of the Hoover Commission. The bill was primarily designed to activate a records-management program, a study of which had been previously authorized in Public Law 152, extend the authority of the Administrator of General Services with respect to the use of the general supply fund, eliminate surcharges, authorize the donation of surplus personal property to hospitals and medical institutions, clarify and extend the authority of the Administrator of General Services over the custody and control of public buildings and other areas, and to provide for uniform identification of motor vehicles in use throughout the Government service.

After the initial bill had been filed, and following conferences with representatives of the GSA and other affected agencies, a revised bill, S. 3842, was introduced in the Senate on June 28 by Senator McClellan, and later replaced by S. 3959, which was reported on July 24, 1950 (S. Rept. No. 2140), as a committee bill. The new bill incorporated, with appropriate revisions, the general provisions of S. 3781 and S. 3842, and also the language of S. 2692 introduced by Senator Pepper on October 13, 1949, to authorize donations of certain surplus property for public health purposes under the same conditions as previously approved in Public Law 152, for educational institutions.

The House Committee on Expenditures adopted the language of S. 3959 through the introduction of H. R. 9129, which was reported in the House on July 26, 1950 (H. Rept. 2747). The Senate approved S. 3959 on July 26, and it was passed by the House on August 7, 1950, in lieu of H. R. 9129, and sent to conference. The conference report was filed on August 25 (H. Rept. No. 3001), and S. 3959, as amended, was approved on September 5, 1950, as Public Law 754. This act, and the original act, fully implement all the major phases of the Hoover Commission report on General Services, with the exception of proposed transfers which relate to various functions at the seat of government and are subject to implementation through reorganization plans.

S. 3728, Public Law 821, to implement Reorganization Plan No. 20 of 1950.—S. 3728 was introduced on June 9, 1950, by Senator McClellan in implementation of Reorganization Plan No. 20 of 1950 for the purpose of insuring realization of the utmost benefits made possible by the plan, which had become effective previously on May 24, 1950, and which had relieved the Department of State of certain domestic functions in respect of compiling, editing, indexing, and publishing the Statutes at Large and certain other groups of official papers.

S. 3728 enabled the withdrawal of all forms of treaties and other international agreements, involving the United States as a party, and related Presidential proclamations from the Statutes at Large and their annual publishing separately in a volume designated "United States Treaties and Other International Agreements," on the basis of those proclaimed or otherwise formalized during the preceding calendar year.

The bill thus gave recognition to the growing lack of relationship between sessions of the Congress, on which the Statutes at Large are based, and international agreements, provided for a much needed separate volume of such treaties and agreements and laid the ground work for future printing economy by establishing latitude in supplying and distributing the new volume.

S. 3728 was reported favorably by the committee on June 28, 1950 (S. Rept. No. 1923), passed the Senate on July 26, was reported favorably in the House on August 11 (H. Rept. No. 2909), passed the House on September 18, and was approved on September 23, 1950, as Public Law 821.

S. 3850, H. R. 9038, Public Law 784, the Budget and Accounting Procedures Act of 1950.—This act supplements the Budget and Accounting Act of 1921. It makes provision for a completely revised and modernized budgeting program, full disclosure of the results of Federal financial operations, and for effective control over income, expenditures, funds, property, and other assets. The act implements the joint continuing program of the Comptroller General of the United States, the Secretary of the Treasury, and the Director of the Bureau of the Budget to bring about improvement of accounting and financial reporting in the Government.

The original bill (S. 2054) dealing with this subject was drafted by counsel for the Hoover Commission to implement recommendations in its report on Budgeting and Accounting, and was introduced in the Senate on June 13, 1949, by Senator McCarthy, and referred to this committee. A companion bill, H. R. 5178, was filed in the House by Representative Hoffman on June 15, and a revision thereof (H. R. 5823) on August 1, 1949.

The Senate committee held extensive hearings on S. 2054 at which practically every witness appeared in opposition to the bill as introduced, and to a proposed substitute, thereby necessitating a complete revision of the proposal. This revised bill was drafted after several months of cooperative effort on the part of the committee, the General Accounting Office, the Bureau of the Budget, and the Department of the Treasury, and was introduced as a committee bill (S. 3850) on June 29, and reported to the Senate on July 12, 1950 (S. Rept. No. 2031). The bill as drafted by the Senate committee was filed in the House without modification on July 5 (H. R. 9038). The House

committee reported it favorably in amended form on July 13 (H. Rept. No. 2556, which was practically identical to the Senate report), and it passed the House on July 26, 1950.

The Senate, after passing S. 3850 on August 9, 1950, substituted the House bill and included the language of the Senate bill in the nature of an amendment. The differences were agreed to in conference (H. Rept. Nos. 3002 and 3030), the conference report adopted in both the House and the Senate on August 31, and approved as Public Law 784 on September 12, 1950.

The Senate bill as reported by the committee included a section activating a recommendation of the Hoover Commission, relative to the separation of current expenditures from capital outlays. The provision was stricken in the House and on the Senate floor.

Part I of title I of the act sets forth budget provisions which will enable the President to present the financial program of the Government in simpler and more meaningful terms. It will provide a basis for a better evaluation of Government programs and activities, in terms of where the funds come from, the purposes to which they are to be applied, and the costs involved.

Part II of title I, cited as the "Accounting and Auditing Act of 1950," authorizes the establishment of a balanced and coordinated program which (a) requires the Comptroller General to prescribe the principles, standards, and related requirements for accounting; to provide a basis for integrated accounting for the Government, full disclosure of the results of financial operations of each executive agency and the Government as a whole, and financial information and control necessary to enable the Congress, the President, and agency heads to discharge their respective responsibilities; (b) establishes responsibility in the executive branch for maintenance of accounting systems and the production of financial reports on the operations of the executive agencies with centralized financial reporting vested in the Secretary of the Treasury; and (c) centers in each department and agency authority and responsibility to establish and maintain its own accounts under the general principles, standards, and related requirements established by the Comptroller General of the United States.

The auditing of the financial transactions of the Federal Government will continue to be conducted by the Comptroller General of the United States as an agent of the Congress, under provisions permitting more comprehensive and more selective audits, to be developed in line with improved agency accounting systems, internal controls, and related administrative practices, along with an on-the-site audit program, and authority for modification or elimination of the present procedures involving the issuance and countersignature of warrants.

Public Law 784 eliminated from the original title I of the bill, as passed by the Senate, additional provisions to accord with Hoover Commission recommendations which would have (1) authorized the head of each department and establishment in the executive branch of the Government, with the approval of the President, to make transfers and adjustments between appropriations, providing, however, that no appropriation should be increased or decreased thereby during any fiscal year by more than 5 percent, with reports of such transfers and adjustments, with reasons therefor, to be submitted currently to the President and the Congress and summarized annually

in the budget; and (2) specifically authorized the President to establish and modify budgetary reserves under appropriations for the executive branch to the extent that he determines the purpose intended by the Congress will be accomplished by the expenditure of amounts less than the amounts appropriated. The first of these was stricken from the bill in the House and removed in conference. The latter is covered under section 1211 of Public Law 759, the General Appropriations Act of 1951.

Title II of Public Law 784 relates to the control of appropriations and requires the prior approval by the heads of executive departments or establishments before submission to Congress of any request for legislation which would authorize subsequent appropriations. This title also provides for adjustments of appropriations made necessary by reorganizations.

Title III of the act contains 106 provisions for repeal, in whole or in part, of existing laws which are obsolete, or are in conflict with the provisions of the subject bill. Of this total, 89 were either inconsistent with or superseded by the Budget and Accounting Act of 1921, or other existing laws; 13 have been superseded by or modified by appropriation acts, or can be more appropriately provided for on an annual basis in the texts of the various appropriation acts rather than in permanent law; 3 repeal laws calling for reports having only doubtful value; and 1 provision repealed existing requirements of law relating to personnel ceilings and limitations, which are considered to be unnecessary under existing budgetary controls and appropriation procedures.

During the Eightieth Congress, the committee authorized a staff survey of the operations and effect of personnel ceilings established pursuant to the Federal Employees' Pay Act of 1949, and personnel limitations instituted by the Pay Act of 1946. This study revealed that, by 1947, these personnel ceiling limitations had become ineffectual and nonproductive, due to the fact that reduced appropriations had created a condition where most agencies had larger ceilings than funds to pay civilian personnel. The study also indicated that the work entailed in administering personnel ceilings actually cost more than the benefits derived therefrom. Following the completion of this survey, the committee, in its activities report of the Eighty-first Congress (p. 5, S. Doc. No. 4), recommended that personnel ceiling provisions be abolished, but action thereon was postponed for consideration in the Eighty-first Congress. These requirements were repealed in Public Law 784.

The act also authorizes the President, through the Director of the Bureau of the Budget, to develop programs and issue regulations for the improved gathering, compiling, analyzing, publishing, and disseminating of statistical information for any purpose by the various agencies of the executive branch.

The Hoover Commission recommended that forms and questionnaires sent to the public be simplified and that constant effort be made to relieve the burden of those reports on businesses and individuals. The Division of Statistical Standards of the Bureau of the Budget has had this activity as a continuing responsibility for a number of years under the Federal Reports Act of 1942. The hand of the Bureau of the Budget has been strengthened in this field by the enactment of section 103 of the act, which provides that the President,

through the Director of the Bureau of the Budget, is authorized and directed to develop programs and to issue regulations and orders for the improved gathering, compiling, analyzing, publishing, and dissemination of statistical information for any purpose by the various agencies in the executive branch of the Government.

The enactment of Public Law 784 was directly due to studies initiated by the committee in the Eightieth Congress into the Federal accounting and reporting systems for the purpose of eliminating useless reports and to improve the fiscal system of the Federal Government. (See p. 5, S. Doc. No. 4.) As a result of the committee's activities, the Joint Accounting Project, composed of officials of the Bureau of the Budget, the General Accounting Office, and the Department of the Treasury, was initiated and the Accounting Systems Division was established in the GAO, through which the program was coordinated prior to the filing of the reports of the Hoover Commission. The enactment of Public Law 784 fully activates this program, as originally advocated by the committee. Other details of this program are covered in another section of the report under the title, "Creation of Accounting Systems Division."

S. 1366, H. R. 3549, Public Law 159, to permit the Comptroller General to pay claims chargeable against lapsed appropriations and to provide for the return of unexpended balances of such appropriations to the surplus fund.—This act has for its purpose the improvement of present administrative procedures by eliminating work in both the legislative and executive branches formerly required to process purely formal reappropriations of funds for settlement of certified claims, and to promote their more expeditious payment.

Under annual appropriations, departments are authorized by statute to place orders, award contracts, and incur other obligations up to the end of the fiscal year but not thereafter. Prior to the approval of this act, only 2 years more were allowed during which outstanding obligations could be liquidated (31 U. S. C. 712, 713, 715). The annual appropriations then lapsed and were carried to the so-called surplus fund of the Treasury Department, after which new appropriations were required to pay any claims against the lapsed appropriations up to 10 years after accrual of those claims which were certified by the General Accounting Office as a proper charge.

For many years the Treasury annually accumulated thousands of certified claims until Congress voted a deficiency appropriation after perfunctory consideration of a list of individual claims. In 1945, a new statute (59 Stat. 90) provided that only claims over \$500 would receive such congressional action, and all smaller claims were to be paid by the Treasury from a lump-sum appropriation. Unfortunately difficulties arose when the latter appropriation proved inadequate in the fiscal years 1948 and 1949.

Under Public Law 159, instead of the old basis of lapsing appropriations after 3 years, unexpended balances of those appropriations are then transferred annually to a new, consolidated account to remain available to settle all certified claims filed not later than 10 years after their accrual. The Senate report (S. Rept. No. 569) pointed out certain advantages, but added that the bill should not constitute a precedent to "the solution of the separate and much larger question of the advisability of reducing rather than extending the present overall 3-year life of annual appropriations."

S. 1366 was introduced by Senator McClellan on March 23, 1949, and referred to a subcommittee for study and action. A companion bill, H. R. 3549, was introduced in the House, reported favorably on March 22 (H. Rept. No. 300) passed the House on April 4, and referred to the subcommittee considering S. 1366 on May 19, 1949. The subcommittee's report was approved by the full committee on June 22, and the House bill, H. R. 3549, was reported favorably by Senator Hoey on June 27 (S. Rept. No. 569) with amendments. The House agreed to the Senate amendments and the bill was approved as Public Law 159 on July 6, 1949.

S. 3653, H. R. 8662, Public Law 656, providing for financing operations of the Bureau of Engraving and Printing.—This act provides a business-type budget, and a revolving-fund method of financing for the operations of the Bureau of Engraving and Printing in the Department of the Treasury. The new basis makes possible less complicated and more understandable financial programs, and better planning and execution.

The Bureau's operations are essentially of an industrial and service nature, involving the production of currency, securities, stamps, and other classes of engraved work for various agencies. All of this work is done for the benefit of such agencies as the Office of the Treasurer of the United States, Bureau of Internal Revenue, Bureau of the Public Debt, the Post Office Department, the Department of Defense, Government corporations, and the Board of Governors of the Federal Reserve System. About two-thirds of the work done for these agencies is financed by annual direct appropriations, and the remainder by reimbursements.

This act provides a new method of budgeting, financing, accounting, and audit for the Bureau in line with the policies and objectives of the program in which the Treasury Department, General Accounting Office, and the Bureau of the Budget are jointly engaged to bring about improved accounting and fiscal processes in the Government. The act and the form of budget provided therein represent the joint efforts of the Treasury Department, Bureau of the Budget, and General Accounting Office. Also, the General Accounting Office is collaborating with the Treasury Department in developing appropriate revisions of the accounting system of the Bureau of Engraving and Printing.

This act is in conformity with recommendations of the Hoover Commission for improvement of budget and accounting procedures in the Federal Government. It conforms to over-all budget and accounting policies contained in the Budget and Accounting Procedures Act of 1950, and supplements the general provisions of that act as they affect the Bureau of Engraving and Printing.

The act should be beneficial in several important respects. It will (1) facilitate management of the Bureau of Engraving and Printing; (2) provide the Congress with the clearest and most complete picture of the cost of operating the Bureau; and (3) result in the most effective audit from the standpoint of the Congress and of management. These benefits were not realized under the old method of budgeting, financing, and accounting; and the act seeks to overcome these deficiencies.

Management should also be facilitated by making it possible for the Bureau to finance the procurement of material and the replacement of

equipment at such times and under such conditions as will be most advantageous to the Government, and aided by having a financial program on a less complicated and more understandable basis for the most intelligent planning and execution of the program.

S. 3653 was introduced by Senator McClellan, reported favorably by the committee on June 30 (S. Rept. No. 1932), and passed the Senate July 26, 1950. A companion bill, H. R. 8662, was reported on July 13, 1950 (H. Rept. No. 2544). S. 3653 was substituted and passed the House on July 27, 1950. It was approved August 4, 1950, as Public Law 656.

S. 2018, Public Law 688, to authorize advancements to and reimbursements of certain agencies of the Treasury for services performed for other Government agencies.—This act provides basic statutory authority for performing certain services which have been authorized from year to year by substantive legislation inserted in Treasury Department appropriation acts. The act authorizes executive departments, other bureaus of the Treasury Department, and wholly owned and mixed-ownership Government corporations, to reimburse the Division of Disbursement, Office of the Treasurer of the United States, and the Bureau of Engraving and Printing for work performed by them, for the respective agencies, in those instances where funds have not been made available to the agency or bureau of the Department of the Treasury. It also authorizes the Treasury to credit the funds received for performing the work to the appropriations which are current at the time the services are performed, and repeals the act of August 4, 1886, relating to the disposition of receipts for work performed by the Bureau of Engraving and Printing.

S. 2018 was introduced in the Senate by Senator McClellan on July 8, 1949, reported favorably on August 10 (S. Rept. No. 897), and passed the Senate on August 27, 1949. The bill was reported favorably by the House Committee on Expenditures on July 13, (H. Rept. No. 2541), passed the House on July 27, with a minor amendment, which was accepted by the Senate and approved as Public Law 688 on August 14, 1950.

H. R. 5526, Public Law 673, authorizing the President to delegate certain functions.—This act accords with the Hoover Commission's general recommendations: that the structure of the executive branch should be simplified "to relieve the President of onerous administrative detail."

At the hearings it was emphasized that the proposed legislation was aimed to relieve the President of the need for signing numerous documents and other papers, many of which could be delegated to other officials of the Government. A Bureau of the Budget representative testified that about 1,100 statutory functions are vested in the President, about half of which have already been delegated. The report listed 33 functions vested by statute in the President which could be delegated by authority contained in the proposed legislation.

Because of this situation, H. R. 5526 (McCormack) was introduced in the House of Representatives on July 7, 1949, was reported favorably by the House Committee on Expenditures on July 28 (H. Rept. No. 1139), and passed the House on August 12, 1949. This committee reported the bill favorably on June 26, 1950 (S. Rept. No. 1867); it passed the Senate on July 26, and was approved as Public Law 673 on August 8, 1950.

S. 4002, H. R. 9430 (S. 3971 and S. 4001), Public Law 830, amendments to the Administrative Expenses Act of 1946.—This act repeals and amends various statutes in order to simplify administration in the Government service. It accords with the recommendation of the Hoover Commission Report on Budgeting and Accounting, which stated that—

In spite of recent simplifications, the language of some appropriation items remains a jungle of detailed provisions. Many of these detailed prescriptions would seem to be susceptible of more or less uniform treatment in codified form.

The act permits the elimination from appropriation bills of many useless duplicating phrases which are required under existing law, and authorizes the removal of a large portion of the "jungle of detailed provisions" which the Commission criticized.

This act grew out of three bills filed in the Senate and referred to this committee, S. 3971, S. 4001, and S. 4002. The first of these bills, S. 3971, was submitted to the Congress by the Department of Defense and filed in the Senate on July 25, 1950, by Senator Tydings. The two main purposes of this bill, which propose to amend the Administrative Expenses Act of August 2, 1946, are (1) to clarify the scope of the original act insofar as payment of return transportation upon completion of employment agreement for Federal personnel abroad, and (2) to incorporate into permanent law the temporary authority of section 3 (b) of the act of June 5, 1942, for the evacuation of dependents of civilian employees from military zones. The act extends existing law to specify that persons transferred to positions overseas shall receive the same transportation benefits as new appointees as enumerated in section 7 of the original act, and would revise section 7 to specify that employees selected for overseas service will be entitled to transportation at Government expense to their post of duty upon agreement to remain there for 1 year, and to return transportation regardless of the reasons of separation upon completion of the period of employment specified in advance, not to exceed 3 years. It repeals a portion of the act of June 5, 1942, which will no longer be needed, and amends the basic act to specify that it shall not apply to certain agencies, as requested by the Bureau of the Budget.

This act also includes a provision which would insure that incumbent employees transferred for duty abroad, as well as new employees recruited for such duty, would be indebted to the United States for moneys expended by the Government on account of the transfer in the event they failed to complete their agreed period of service.

The second bill, S. 4001, introduced by Senator Sparkman on August 1, 1950, would also amend section 1 of the act of August 2, 1946, and provides—

that for good cause, upon authorization of the head of any department concerned, expenses of transportation of the immediate family of any employee from the post of duty of such employee outside the continental United States to the place of actual residence shall be allowed prior to the return of such employee to the United States.

The third of this series of bills, S. 4002, was introduced by Senator McClellan on August 2, 1950, to carry out recommendations made to the committee by the General Accounting Office, in accordance with section 205 of the Legislative Reorganization Act of 1946, requiring a study on restrictions on expenditures of appropriated funds. The

bill amended Public Law 600 of the Seventy-ninth Congress, and was characterized as "a bill to eliminate Government red tape" because it removes a number of unnecessary steps previously required.

Following the introduction of these bills, the House Committee on Expenditures combined the provisions of Senate bills 3971 and 4002 (in lieu of S. 4001), and introduced the combination in the House as H. R. 9430, on August 2, 1950. H. R. 9430 was reported favorably on August 23 (H. Rept. No. 2984) and passed the House on August 23, 1950.

The House bill was amended by this committee, after it had given consideration to the provisions of S. 3971, S. 4001, and S. 4002, and reported favorably on August 30, 1950 (S. Rept. No. 2495). The Senate passed the bill as amended on September 13, the House agreeing to the Senate amendments on September 15, and the bill (H. R. 9430) was approved as Public Law 830 on September 23, 1950.

S. 3652, H. R. 8621. Public Law 636, to facilitate the settlement of the accounts of certain deceased civilian employees of the Government.—This act, like Public Law 830, outlined above, is designed to eliminate unnecessary administrative practices and reduce Government red tape. The act will effect more expeditious payment of claims where a beneficiary has been named or where there is a surviving spouse, without in any way lessening safeguards of the interest of the United States. It removes the restrictions which previously required submission of these claims to the Comptroller General for settlement. The Act authorizes the employing agencies to settle these accounts, except in those instances where there is doubt as to who is lawfully entitled to receive payment. Competent Government officials estimate that passage of this act will effect savings of \$100,000 on a recurring annual basis.

Senator McClellan introduced S. 3652 in the Senate on May 25; it was reported favorably by the committee on June 30 (S. Rept. No. 1933), and passed the Senate on July 26, 1950. The House Committee on Expenditures reported a companion bill, H. R. 8621, favorably on July 13 (H. Rept. No. 2543). S. 3652 was substituted and passed the House on July 27, and approved as Public Law 636 on August 3, 1950.

S. 2357, Public Law 633, authorizing the withholding of compensation due Government personnel.—The purpose of this act is to authorize heads of departments and agencies to withhold compensation due and payable to officers and employees who have received improper payments of Government funds for which a certifying officer is held responsible.

The act of December 29, 1941, as amended (31 U. S. C. 82b-82g), defines the respective responsibilities and liabilities of disbursing and certifying officers, making certifying officers liable for any illegal, improper, or incorrect payment resulting from a false, inaccurate, or misleading certificate on a voucher, and for payments prohibited by law or not constituting a legal obligation. It also provides that the liability of certifying officers shall be enforced as provided by law with respect to disbursing and other accountable officers. To properly protect the interest of the United States, the committee was of the opinion that the act of May 26, 1936 (which is now applicable only in cases of disallowances in the accounts of disbursing officers), should be amended to provide for instances where charges are raised by the General Accounting Office against certifying officers. Before the

approval of this act the Government sought to recover from payees the amounts of losses resulting from improper payments for which certifying officers were liable, but it did not possess authority to withhold the compensation of its own employees who were the recipients of such improper payments. The enactment of this legislation should result in a saving to the Government by making available to certifying officers the same remedies as are now available to disbursing officers.

S. 2357 was introduced by Senator McClellan on August 1, 1949, reported favorably with clarifying amendments on March 21, 1950 (S. Rept. No. 1362), passed the Senate on June 8, reported favorably by the House Committee on Expenditures (H. Rept. No. 2542) on July 13, passed the House on July 27, and was approved as Public Law 633 on August 3, 1950.

S. 4266, S. 4264 and H. R. 9932, Public Law 921, extension of title II of the First War Powers Act, 1941.—This act was made necessary through the declaration of the national emergency by the President on December 16, 1950, under which additional authority was granted to modify and renegotiate existing defense supply contracts in order to avoid undue delays in production and to provide essential goods for the emergency. The main objective was not to prevent loss on Government contracts because of increased costs, except in extreme hardship cases, but to afford relief to small business firms who might otherwise be prevented from completing deliveries on Government contracts to defense agencies. The act also permits the Government to indemnify certain contractors engaged in hazardous work for damages to facilities and equipment in order that repairs and replacements may be undertaken without delay.

A bill, S. 4264, was introduced in the Senate by Senator Lucas on December 19, 1950, which provided for reactivation of titles I and II of the First War Powers Act, 1941. Title I would have granted extensive reorganization powers to the President, and it was indicated that there would be considerable opposition to this title.

The chairman of the committee therefore introduced a bill, S. 4266, providing for the activation of title II alone. The committee reported S. 4266 favorably on December 20, 1950, with an amendment providing for its termination on June 30, 1952. In its report (S. Rept. No. 2686), the committee stated that the imposition of this termination date was not to be construed as involving any speculation as to how long the emergency would last or for what period the powers granted under the act may be required. The purpose of the amendment was to permit the Congress to obtain reports relative to the use of the authority provided and the necessity for its continuation after the expiration date.

The bill passed the Senate on December 21, 1950. The House of Representatives substituted the Senate bill for H. R. 9932, which had been previously reported by the Judiciary Committee, providing for the reactivation of both titles I and II of the First War Powers Act, 1941 (H. Rept. No. 3227). An amendment was adopted on the floor of the House which authorized the Comptroller General of the United States to examine contract renegotiations entered into under the provisions of this act and to report to the Congress on any deviations. The Senate accepted the House amendment on January 2, and it was approved as Public Law 921 on January 12, 1951.

Public laws—Miscellaneous legislation

The following legislation was approved by the Eighty-first Congress on the basis of facts presented in accompanying reports, as indicated, which were submitted to the Senate from this committee. These bills are listed separately inasmuch as they are of a less general nature than those outlined above.

S. 170, H. R. 836, Public Law 20, authorizing the transfer of certain property to the Secretary of the Interior.—This legislation authorizes the Administrator of the WAA to transfer to the Secretary of the Interior, for use by the Bureau of Indian Affairs, of a vocational school for Indian children and a center for housing and training adult Indians for off-reservation employment and placement, the property known as the Bushnell General Hospital near Brigham City, Box Elder County, Utah (S. Rept. No. 30). This act was approved on March 17, 1949.

S. 1745, H. R. 4442, Public Law 225, authorizing the transfer to the Attorney General of a portion of the Vigo plant near Terre Haute, Ind., to supplement the farm lands required for the United States prison system.—On July 21, 1947, the War Department granted to the Department of Justice a revocable permit to occupy and use the tract of land described in this act. Since that date the Bureau of Prisons of the Department of Justice had been using the property in connection with the United States penitentiary at Terre Haute, Ind. Subsequently, on October 30, 1947, the War Department declared the Vigo plant surplus to its needs, and the War Assets Administration assumed possession of the plant for disposal. The Bureau of Prisons has occupied the subject tract by permission of the War Assets Administration, but had been advised that the WAA must dispose of the same by June 30, 1949. Continued occupancy of this tract by the Bureau of Prisons, as authorized under Public Law 225, is essential to the program to place the Federal prison system as nearly as possible on a self-sustaining basis (S. Rept. No. 433). The act was approved on August 12, 1949.

S. 1746, H. R. 4455, Public Law 467, authorizing the transfer to the Attorney General of the United States of a portion of the Vigo plant, near Terre Haute, Ind., for use in connection with the United States penitentiary at Terre Haute.—On February 15, 1946, the War Department granted to the Department of Justice a revocable permit for the use of only one barrack building in connection with the operation of the United States penitentiary at Terre Haute, Ind. On October 30, 1947, the War Department declared the Vigo plant surplus to its needs, and the War Assets Administration assumed possession of the plant for disposal. Thereafter, by letter dated May 25, 1948, the War Assets Administration granted the Department of Justice a 1-year interim permit to occupy and use the tract and its improvements. During the previous year the Bureau of Prisons had been using the five residence buildings, as well as the barrack building, all pursuant to this permit. However, by letter dated April 18, 1949, the War Assets Administration advised the Bureau of Prisons that a disposition would have to be made of the tract by June 30, 1949.

The committee believed that the continued and extended occupancy of this property was essential to the program of the Bureau of Prisons to provide adequate housing for its employees in the penitentiary located there and to place the Federal prison system as nearly as possible on a self-sustaining basis and, therefore, recommended the

approval of this act (S. Rept. No. 434), which became Public Law No. 467 on March 27, 1950.

H. R. 1158, Public Law 101, providing for the conveyance by the United States to the city of Marfa, Tex., of certain lands formerly owned by that city.—The purpose of this act is to authorize the War Assets Administration to transfer to the city of Marfa, Tex., certain property, consisting of approximately 28 acres of land adjoining the city, deeded to the United States by the city for use by the Army as a cavalry post. The Army post having been deactivated and the property declared surplus to the needs of the Army, Public Law 101, approved June 13, 1949, restored the land to the city, fulfilling an obligation on the part of the Government to return the property after it had served the purpose for which it was originally intended (S. Rept. No. 429).

S. 1011, H. R. 1338, Public Law 122, authorizing the transfer to the National Boundary and Water Commission of a portion of Fort Brown at Brownsville, Tex.—This act authorized the War Assets Administration to transfer, without reimbursement, a certain portion of Fort Brown, at Brownsville, Tex., to the United States section of the International Boundary and Water Commission. The transfer makes available to the International Boundary and Water Commission a portion of Fort Brown described in the act for use in connection with its responsibilities for the construction, operation, and maintenance of the lower Rio Grande flood-control project being developed co-operatively with Mexico and then nearing completion. The levee system at Fort Brown, which affords urgently needed flood protection to highly developed areas in the lower Rio Grande Valley in the United States, was constructed at considerable expense to the War Department and forms an important link in such system for Fort Brown and for the city of Brownsville, the Brownsville Airport, and the Brownsville Seaport.

Fort Brown was declared surplus to the needs of the Department of the Army, and the portion conveyed to the International Boundary and Water Commission under the act was necessary for the proper operation and maintenance previously performed by the Department of the Army. These duties have now been taken over by the United States section which is charged by law with the performance of such functions on other portions of the project.

Under an agreement with the city of Brownsville, Tex., the United States section, International Boundary and Water Commission, proposes to make certain of the land and buildings located on the property so transferred available to the city of Brownsville for recreational purposes, and arrangements had been made with the Brownsville Historical Association for the preservation or restoration of some of the old historical buildings on the area transferred.

No expense was involved on the part of the Federal Government in the property transferred, and the committee was of the opinion that favorable action through the approval of Public Law 122 on June 23, 1949, was in the public interest (S. Rept. No. 430).

S. 1011 was introduced in the Senate by Senator Connally on February 17, 1949, and a companion bill, H. R. 1338, was introduced in the House on May 3, 1949. The latter bill was reported by the Committee on Expenditures (H. Rept. No. 408), passed the House on May 2, and reported favorably on May 27, 1949, by Senator McClellan on recommendations of a subcommittee, which had con-

sidered both the House and Senate bills (S. Rept. No. 430). It was approved as Public Law 122 on June 23, 1949. A similar bill (S. 2691) was approved by the Senate Committee on Foreign Relations and passed the Senate late in the Eightieth Congress, but time did not permit of favorable action on the part of the House of Representatives.

S. 2170, H. R. 4095, Private Law No. 236, for the relief of W. P. Bartel.—This act, approved August 22, 1949, merely corrects a technical violation approving the payment of travel expenses which were found to be in order, but which required waiver of rigid statutory limitations (S. Rept. No. 693).

House Joint Resolution 373, Public Law 427, authorizing the sale of certain shipyard facilities at Orange, Tex.—This act authorized the War Assets Administration to convey to the Consolidated Western Steel Corp. certain shipyard facilities at Orange, Tex. The act waives provisions of Public Law 152, requiring approval of the Attorney General as to compliance with antitrust laws, and was approved by the committee on the basis of facts which warranted favorable action in the Government's interest, since there were no other bidders on the property. Under the terms of the contract entered into between the corporation and the Government, certain construction on the property would have been canceled unless the act permitted acceptance of the bid, which would have involved a loss in excess of \$1,000,000 to the Government (S. Rept. No. 1197). The act was approved on October 28, 1949.

S. 2969, Public Law 540, authorizing relief of authorized certifying officers of terminated war agencies in liquidation by the Department of Commerce.—This act authorizes the Comptroller General of the United States to remove suspensions and disallowances issued against vouchers approved by authorized certifying officers during the war. The certifying officers covered by this act were employed by the Foreign Economic Administration, Office of Price Administration, War Production Board, Civilian Production Administration, Office of War Mobilization and Reconversion, and the Office of Economic Stabilization during the period these agencies were in existence. After the war they were abolished and the records, property, and facilities were transferred to the Department of Commerce for liquidation. This act did not require the appropriation of additional funds, nor does it relieve any payee who has received payment of Government funds to which he is not entitled, and does not contemplate the relief of any certifying officer where his fraudulent conduct contributed to or caused the erroneous payment (S. Rept. No. 1365). The act was approved July 14, 1950.

S. 3226, Public Law 541, authorizing relief of authorized certifying officers of terminated war agencies in liquidation by the Department of the Interior.—This act, approved June 14, 1950, is identical to Public Law 540, above, except as applied to the war agencies in liquidation in the Department of the Interior, the Solid Fuels Administrator for War, the Petroleum Administrator for War, War Relocation Authority, Coal Mines Administrator, Office of the United States High Commission to the Philippine Islands, and certain functions of the Division of Territories and Island Possessions (S. Rept. No. 1366).

S. 922, H. R. 7477, Public Law 623, conveying to the town of Nahant, Mass., of the Fort Ruckman Military Reservation.—This act authorizes the General Services Administration to convey to the town of Nahant,

Mass., upon payment to the United States of the sum of \$23,000, all of the right, title, and interest of the United States in all lands constituting the Fort Ruckman Military Reservation. The act, approved July 26, 1950, provides for the recapture of the property in the event such property is not used for educational, recreational, or other public purposes (S. Rept. No. 1370).

S. 1989, Senate Joint Resolution 177, H. R. 5003, Public Law 684, authorizing the exchange between the United States and the State of New York of certain lands at Manhattan Beach, Kings County, N. Y.—This act, approved August 10, 1950, authorizes an equitable exchange of certain interests in land at Manhattan Beach, Kings County, N. Y., between the Federal Government and the State of New York. Under its provisions the United States Government is authorized to convey to the State of New York real estate formerly used by the United States Coast Guard and at present under the jurisdiction of the Housing and Home Finance Administrator, in exchange for a conveyance by the State of New York to the United States of any real estate at Manhattan Beach under the jurisdiction and control of the United States Maritime Commission or the Administrator of General Services (S. Rept. No. 2139).

S. 1817, S. 3256, H. R. 7667, Public Law 649, directing the transfer to the Department of the Interior by the General Services Administration of certain property in Boise Barracks, Boise, Idaho.—This act, approved August 3, 1950, authorizes the GSA to transfer 11½ acres of land located at Boise, Idaho, to the Department of the Interior without reimbursement or transfer of funds. The property was placed in excess status by the Department of the Army in 1947 and transferred to the GSA, since which time the Bureau of Land Management of the Department of the Interior has used the property under a permanent agreement for storage and repair of range and fire-fighting equipment. This property is located near other installations of the Bureau of Land Management and the buildings are urgently needed in connection with its work in that area. The value of the property was estimated by the GSA at \$9,080 and its transfer to the Bureau of Land Management will enable it to vacate property leased from private sources at a savings of \$25,000 per year (S. Rept. No. 1866 and H. Rept. No. 2357).

Bills reported favorably

The following bill was approved by the committee, reported favorably, and passed by the Senate, but failed of approval in the House:

S. 2072, S. 2061, to create a Commission on Overseas Administration.—These identical bills drafted by representatives of the Hoover Commission to comply with its recommendations in the report on Foreign Affairs, were introduced by Senators McClellan and McCarthy, respectively, on June 14, 1949. They provide for the creation of a Commission composed of four Members of the Senate, four Members of the House of Representatives, and four representatives of the executive branch. The Commission would be authorized to make a study of the administration of all overseas activities of the Federal Government, with a view to recommending to the Congress necessary legislative action required for coordinating and integrating such activities. This is designed to correct serious conflicts now existing in this field, and to eliminate overlapping and duplicating agencies,

which the Commission indicated as one of the most important matters requiring legislative action. A committee amendment provided that any overseas hearings to be conducted by members of the Commission must first be authorized by a majority of the Commission.

S. 2072 was referred to the standing Subcommittee on Relations with International Organizations. The subcommittee acted favorably, by a unanimous vote, on August 10, 1949, and the full committee ordered the bill reported, with an amendment. The bill, as reported by Senator O'Connor (S. Rept. No. 889), passed the Senate by unanimous consent on August 27, and was referred to the House Committee on Expenditures on September 2, 1949, where no further action was taken. (An identical bill, H. R. 6170, was introduced in the House on September 13, 1949, and referred to the Committee on Foreign Affairs).

The following bills and resolutions were reported favorably by the Committee, but failed of passage in the Senate:

S. 1946, S. 3147 (S. J. Res. 41, S. 767, S. 810), to create a National Commission on Intergovernmental Relations.—Three proposals, Senate Joint Resolution 41, S. 767, and S. 810, conforming to recommendations of the Hoover Commission for the creation of a National Commission on Intergovernmental Relations in its report on Federal-State relations, were introduced in the Senate and referred to the committee, which, in turn, referred them to its standing Subcommittee on Intergovernmental Relations for study. The subcommittee conducted joint hearings with House Subcommittee on Intergovernmental Relations from May 9–13, 1949, at which testimony was unanimous in approval of the general provisions of the bills.

After the completion of the hearings, the subcommittee drafted and filed a committee bill, S. 1946, sponsored jointly by 28 Senators, which incorporated the best features of all three bills, and which was reported favorably to the Senate by the full committee on June 13, 1949 (S. Rept. No. 488). This bill provided for the creation of a permanent bipartisan Commission on Intergovernmental Relations, in order to determine (a) the possibilities and mechanisms for achieving, on a continuing basis, consistency in the fiscal policies of the several levels of Government, and (b) the most desirable future allocation of governmental functions and powers among the National, State, and local governments, as well as means for effecting such allocation.

In the fiscal field, the bill provided that special attention would be given to intergovernmental tax immunities in terms of the problems they create for governments and taxpayers, and means for resolving these problems; revenue sources and means for reducing or eliminating intergovernmental tax competition; and grants-in-aid, tax sharing, and other similar measures for adjusting financial resources to the needs of State and local governments with a view to proposing guides for the use of such devices and improvements in their operation.

The essential differences between the subcommittee's bill, S. 1946, and other bills, Senate Joint Resolution 41, S. 767, and S. 810 are:

(1) The establishment of this Commission on a permanent basis rather than on a temporary one. S. 1946 carried out the Hoover Commission's primary recommendation in the field of Federal-State relations.

(2) The establishment of the Commission as an expediting group with an executive secretary, who would act as an administrative

officer, rather than as a study group with a research director. Substantially all the testimony as well as correspondence pointed up the fact that to date studies have abounded in the field but very little has been done to expedite such studies.

(3) There is a slight difference in the composition of the Commission from the original proposals, but S. 1946 includes representation from all governmental levels, as well as providing for the inclusion of private citizens.

The committee bill, S. 1946, remained on the Senate Calendar where a single repeated objection was made on each call of the calendar, which was sufficient under the unanimous consent rule to delay action on the bill. In view of this development, the Subcommittee on Intergovernmental Relations gave further consideration to the bill as reported, in an effort to overcome objections to it. A new bill was drafted by the subcommittee and introduced on February 28, 1950, as S. 3147, with 42 Senators joining as cosponsors, approved by the full committee, and reported favorably by Senator Humphrey on June 22, 1950 (S. Rept. No. 1856). S. 3147 closely followed the provisions of S. 1946, with the following exceptions:

It provided for the creation of a temporary commission rather than a permanent one as proposed in S. 1946; reduced the number of Commission members from 15 to 7; and in order to broaden the membership and to avoid any governmental controversy, eliminated the restriction calling for the selection of the Commission members from panels provided by representatives of the various governmental groups at Federal, State, and local levels, and vested the selection of the membership of the Commission, from among such groups, in the President. Both S. 1946 and S. 3147 accord in general with the recommendations of the Hoover Commission, although each deviated from them in some respects. Despite concessions made to opponents of the original bill, continued objections on calendar calls on the part of an individual Senator has prevented passage of the revised bill.

Further details will be found under the activities report of the Subcommittee To Study Intergovernmental Relations, in another section of this report.

Senate Joint Resolution 108 (S. J. Res. 94, S. J. Res. 97, and S. J. Res. 102), reducing Government expenditures.—Senate Joint Resolution 108, which would require the President to make an over-all cut of not less than 5 percent nor more than 10 percent in total estimated expenditures for the fiscal year 1950, to bring them within estimated Federal receipts. After hearings had been completed on the three original resolutions, Senate Joint Resolution 108 was filed as a committee resolution by Senator McClellan, and reported favorably on June 13, 1949 (S. Rept. No. 498). It combined features of Senate Joint Resolutions 94 (Tydings, O'Connor, and Reed), 97 (Wherry, Bridges, and Ferguson), and 102 (Reed).

Senate Joint Resolution 108 failed of adoption by the Senate on August 29, 1949, as an amendment to an appropriation bill, after 63 Senators had signed a petition favoring its approval.² Although Senate Joint Resolution 108 was thus rejected, a somewhat similar provision was adopted as section 1214 of Public Law 759, the General

² Senate rules provide that no substantive legislation may be incorporated in an appropriation bill. S. J. Res. 108 was, therefore, considered on a technical vote on suspending the rules, requiring a two-thirds majority, and lost by a vote of 48 to 28, only 3 short of the required number.

Appropriation Act for 1951, approved September 6, 1950, which requires an over-all reduction of \$550,000,000 in 1950 nondefense appropriations and other authorizations for domestic program expenditures.

Other legislative action

Miscellaneous bills and resolutions referred to the committee on which various actions were taken, but no official committee recommendations were made to the Senate:

S. 28 (McCarran) reorganization of the Bureau of Land Management.—This bill would supersede the provisions of Reorganization Plan No. 3 of 1946 by reestablishing the offices of registers of land offices, and providing for appointment of the Director and Associate Director of the Bureau of Land Management. It involved internal-management problems relating to the conduct of the affairs of the Bureau of Land Management, and proposed to classify the Director and Associate Director of the Bureau and the registers of district land offices as policy-forming officers, subject to Presidential appointment. This would, in effect, repeal certain provisions of Reorganization Plan No. 3 of 1946, which brought all such officers, with the exception of the Director, under the classified civil-service system.

Since the provisions of the bill related to policy determinations within the jurisdiction of the Committee on Interior and Insular Affairs, an identical bill was reported without recommendation in the Eightieth Congress, out of courtesy to the members of that committee, and was rereferred to it for further consideration. That committee reported the bill favorably, and it was passed by the Senate on June 16, 1947, but failed of approval in the House of Representatives.

The bill was reintroduced in the Eighty-first Congress with the same number, S. 28, and referred to a special subcommittee appointed to consider it. Based on the subcommittee's report, the committee voted in executive session on June 21, 1950, to postpone action on the bill indefinitely.

Senate Resolution 105 (Downey), to investigate the operations of the Bureau of Reclamation.—This bill was primarily aimed to bring about a complete investigation of the activities of the Bureau of Reclamation particularly in connection with the Central Valley project in California. On the basis of information compiled by this and other committees during the Eightieth Congress, four separate committees and subcommittees of the House and Senate made investigations into the various activities of the Bureau of Reclamation, including the Central Valley project, in 1948. The committee referred the resolution to the Senate Investigations Subcommittee for study. The subcommittee did not report the resolution back to the full committee in view of the fact that the entire matter was considered by the Committee on Interior and Insular Affairs.

H. R. 8706, S. 193, S. 1692, S. 1997, providing for purchase of fidelity bonds for Government employees.—The background of this bill consists of a variety of Senate and House bills in this field, and of two identical recommendations by the Hoover Commission. Three bills were introduced in the Senate, dealing with this subject and representing three separate approaches to the same objective as follows: S. 193 (Downey) would leave untouched the present system whereby

each Government employee purchases the required amount of fidelity insurance from among an approved list of private companies. It specified, however, that the United States shall then pay the premiums.

S. 1692 (Holland) proposed a Government fund to provide protection at Government expense. For this purpose the bill proposed a \$500,000 trust fund without cost to bonded employees, from which defalcations and other losses would be paid, subject to determination of a board consisting of the Secretary of the Treasury, the Budget Director, and the Comptroller General, and to which fund would be paid amounts recovered in case of defalcation, plus those sums which must be appropriated from time to time to keep the trust fund at minimum levels.

S. 1997 (McCarran) contains the same provisions for a Government trust fund to provide protection, but requires that the fund shall be maintained at employee expense. S. 2515 (Johnston of South Carolina), parallels S. 1997 except that its scope would be limited to the Post Office Department. (The latter limitation dictated reference of S. 2515 to the Senate Committee on Post Office and Civil Service, whereas all other Senate fidelity bond bills were referred to this committee.) All of the bills had the basic motivation of attempting to reduce total insurance costs by limiting required average total payments into the fund to the average total net amounts paid out because of defalcations and other losses, including administrative costs.

These pending proposals are merely the latest chapter of much agitation in this area over the years, which prompted two identical Hoover Commission recommendations (No. 10 in its report on the Treasury Department, and No. 13 in its report on budgeting and accounting), calling for a study of fidelity bonds now being purchased by Government employees.

Some 560,000 permanent bonded Government officials, and about as many more temporary employees, paid average annual fidelity bond premiums of 1½ million dollars during each of the 6 years ending in 1947. In contrast, net losses incurred added up to only one-quarter of a million dollars a year, or only 14 percent of annual premium payments. The latter total represents losses paid to the Government by the fidelity companies, plus their administrative expenses in handling claims and salvage. Additional data covering both past legislative history and financial developments are presented on pages 250 to 258 of Senate Report No. 1158, entitled "Progress on Hoover Commission Reports" and issued by this committee on October 12, 1949.

The above Senate bills were the basis of two hearings by a special subcommittee, of which Senator Hoey was chairman, on February 24 and August 9, 1950. At the first of these two hearings the Association of Casualty and Surety Companies submitted a new plan of bonding Federal employees under blanket fidelity insurance policies. Since the new plan was rather complicated, further hearings were postponed to permit of study by the subcommittee and by all interested persons.

Meanwhile the House Committee on Expenditures conducted hearings on March 2, 7, 9, and May 2 and 14, 1950, supplemented by active staff work with Government officials and with representatives of the insurance companies to evolve a plan of less expensive fidelity bonds.

As a result, that committee formulated a substitute bill, H. R. 8706, providing that the Government purchase blanket bonds through the fidelity companies and that employees be relieved of the cost thereof. This bill passed the House on July 17, 1950, and was the subject of renewed hearings by the Senate subcommittee on August 9, 1950.

After deliberation on subcommittee recommendations, the committee voted to postpone action on H. R. 8706 indefinitely. Two reasons dominated this decision by the committee. The first was that the proposal would increase Federal expenditures by not far from \$1,000,000 a year, thus running counter to the announced policy of Congress to make every possible reduction in nondefense expenditures during present difficult conditions. Secondly, the committee viewed with concern removing the present requirement that Federal employees pay small annual premiums on their own fidelity bonds, because worthwhile personal deterrents against defalcations might thereby be weakened.

It should be pointed out that this negative committee decision with respect to H. R. 8706 is still in conformance with the two Hoover Commission recommendations in this area, which stopped short of proposing any specific action and merely called for a study of the problem of fidelity insurance. With rare exception other Hoover Commission recommendations proposed action rather than further study, and it may therefore be safely assumed that the Commission was in doubt as to what specific steps, if any, were justified as to future fidelity insurance requirements for Government employees.

S. 942 (McClellan), General Management Act of 1949.—In response to a request from the chairman, counsel for the Hoover Commission submitted a draft of a bill designed to carry out recommendations contained in its report on general management of the executive branch. This draft bill was filed in the Senate (S. 942) by Senator McClellan on February 14, 1949.

S. 942 would establish principles and policies to govern generally the management of the executive branch of the Government. It declares that the executive agencies of the Government exist in order to enable the responsibility of the President, as set forth in the Constitution, to be discharged efficiently, and classifies such agencies as principal or subordinate; creates in the Executive Office of the President the Office of Personnel, the Office of Staff Secretary, and the Office of the Economic Adviser (transfers to it the functions of the Council of Economic Advisers, except making an annual report, and abolishes the Council). The bill also provides that the White House office shall be in the Executive Office of the President, that the National Security Council and the National Security Resources Board shall be constituent units of the same, and that the Bureau of the Budget shall be known as the Office of the Budget and shall continue as an agency in the Executive Office of the President. Finally, S. 942 provides for nomenclature of organization of executive agencies, for method of appointment of subordinate executive officers, and for delegation of authority.

Many of the recommendations contained in the Hoover Commission report on general management, as well as certain of the provisions of S. 942, have been effectuated through reorganization plans and by legislative action in Congress. It was therefore the consensus of the committee that action on any comprehensive bill to carry out the

major recommendations of the Commission in this area should be withheld until complete information was available relative to legislation enacted by Congress and any other actions taken in this field. Analysis of that information will assist in the preparation of further legislation required to implement recommendations not yet approved. The committee therefore postponed action on the bill.

S. 943 (McClellan), to eliminate the maintenance of perpetual accounts for unclaimed moneys.—This bill would have barred claims against trust funds held by the Government 6 years after the accrual date. The bill also would have reduced the statute of limitations upon all claims against the Government, not otherwise limited by statute, from 10 to 6 years.

S. 943 was referred to a subcommittee, of which Senator Eastland was chairman, which obtained detailed information relative to the effect provisions of the proposed legislation would have on trust funds and the claimants affected thereby. The Bureau of the Budget and other agencies concerned recommended the enactment of the bill on the general premise that imposition of the statutory limitation upon trust funds would save the Government the unnecessary expense of perpetually maintaining records of hundreds of thousands of potential individual claims, the majority of which were inactive, and would likely remain so. The subcommittee found, however, that there had been no complete analysis made of the miscellaneous trust account, nor had the trustees of depositors been consulted to determine whether such barring of claims would unjustifiably penalize the rightful, if unknown, owner. The subcommittee held, therefore, that action on this bill should be withheld until the viewpoints of trustees of unclaimed trust funds as to the disbarment of claims against them could be ascertained, and requested that the GAO obtain such information for consideration, along with the viewpoints of the agencies interested in relation to perpetual custody of these accounts.

The committee acted favorably on the subcommittee's recommendations on June 22, 1949, indefinitely postponing action on S. 943. Since this action on the part of the committee, the General Accounting Office has contacted the various Federal departments and agencies affected and recommends further consideration of the proposal by the committee.

S. 944 (McClellan), to discontinue the maintenance of inactive records and custody of unclaimed funds and contents of safety deposit boxes in possession of the Comptroller of the Currency or the Federal Deposit Insurance Corporation.—This bill would have authorized the Comptroller of the Currency or the FDIC to sell at auction contents of safety deposit boxes of insolvent national banks which are unclaimed at final liquidation of the banks. The provisions of this bill were opposed by the Comptroller of the Currency and the FDIC, and it was the interpretation of the Bureau of the Budget that Public Law 39, Eighty-first Congress, to authorize the disposition of certain lost, abandoned, or unclaimed personal property coming into possession of the Treasury Department, etc., accomplishes the purpose of S. 944. The subcommittee, to which this bill was referred (along with S. 943, outlined above), recommended indefinite postponement, which was concurred in by the full committee on June 22, 1949.

S. 1001 (Myers), authorizing the Secretary of the Army, the Secretary of the Treasury, the Secretary of the Navy, and the United States Mari-

time Commission to dispose of certain materials to the United States Coast Guard Auxiliary, and for other purposes.—The purpose of this bill was to authorize the Secretary of the Army, Secretary of the Navy, Secretary of the Treasury, and the United States Maritime Commission to dispose of obsolete material to the United States Coast Guard Auxiliary. It also provided for the United States Maritime Commission to receive obsolete material from the above three departments for maritime-training purposes.

The committee, in considering this proposed bill, was advised that it was a considered opinion of the General Services Administration, the Munitions Board, the Coast Guard, and other Federal agencies affected thereby that the disposition of all surplus property should be integrated and centralized under the GSA, in accordance with the Federal Property and Administrative Services Act of 1949, as amended (Public Law 152). The committee accorded with the view, and on March 21, 1950, postponed action on S. 1001 indefinitely.

Senate Resolution 98 (Williams et al.), to investigate the fiscal affairs of the Commodity Credit Corporation, its successor, and all other Government corporations.—This resolution, introduced by Senator Williams and eight other Senators, was primarily based on a report of an examination of the Commodity Credit Corporation by the GAO for the period ended June 10, 1945 (H. Doc. 148). Both the resolution and the report were referred to the Senate Investigations Subcommittee for consideration. Additional reports relative to audit reports on the Commodity Credit Corporation for fiscal years 1946 and 1947 (H. Doc. 632) were also transmitted to the subcommittee, and a report thereon will be found under the subcommittee's activities covered hereinafter.

Senate Concurrent Resolution 43 (Kefauver), to express the sense of the Congress with respect to the coordination and administration of Federal assistance and services to the blind.—This bill would centralize administration of all Federal assistance to the blind. The Federal Security Agency and the Bureau of the Budget opposed the bill on the grounds that the present organization more fully promotes the proper interest of the blind than would a single office. The General Services Administration, however, reported that, in its opinion, the administration of all such assistance programs through a single office would be advantageous in the operation of Federal public buildings. Since there was no general demand or need for this legislation, and the committee was of the opinion that its provisions can be put into operation by administrative action, the resolution was indefinitely postponed on June 21, 1950.

S. 2139 and S. 2664 (Kefauver), to provide that small business shall receive a fair share of Government procurement.—These bills propose to compel each Federal agency that purchases supplies and materials to issue regulations in order that small-business concerns shall receive their fair share of Government procurement. They were referred to a special subcommittee, of which Senator Humphrey was chairman, on March 21, 1950. Reports were received from a majority of the agencies which would be affected by the proposed legislation and they indicated that action on the bills was not required because: (1) The same objective can be accomplished under Public Law 152, which created the General Services Administration and provided that small business should be given preference in Government procurement; (2) by letter dated June 30, 1949, the President directed the Administrator

of General Services Administration to make a study with a view of issuing instructions to implement this provision of Public Law 152 and to assure that small business shall receive a fair share of Government procurement; and (3) that the bill would introduce administrative accounting factors which would be difficult to evaluate and costly to apply.

Following the receipt of the Presidential instructions, referred to above, the General Services Administrator issued Order No. 30, requiring that, when tie bids are received (one from a large company and another from a small concern), award shall be made to the small-business concern, in lieu of the former policy of tossing a coin to determine the successful bidder. The Department of Defense reported that the provisions of the Armed Services Procurement Act of 1947 already required the establishment of a policy therein determined by the Congress, that a fair proportion of Government contracts shall be placed with small-business concerns. The committee was informed that the GSA and the Department of Defense have established procurement information offices in Washington and in the field to advise businessmen as to the necessary procedures to be followed in connection with Government procurement, where contracts were to be let, and in what amounts.

Since these facts clearly indicate that the enactment of S. 2139 would merely duplicate existing laws, and was not required in order that the purposes sought by such legislation might be attained, the committee indefinitely postponed action on June 21, 1950.

S. 2073 (McClellan) and S. 2059 (McCarthy), Regulatory Agencies Act of 1949.—These bills, drafted by the Hoover Commission attorneys, conformed to recommendations in its report on Regulatory Commissions. They incorporated Commission recommendations concerning nine regulatory agencies, viz, ICC, FTC, FPC, USMC, SEC, FCC, CAB, NLRB, and the Federal Reserve System, and were referred to this committee. In agreement with the chairman, Senator Johnson, chairman of the Senate Committee on Interstate and Foreign Commerce, introduced another bill (S. 2330) implementing those recommendations pertaining to six of the regulatory agencies, viz, ICC, FTC, FPC, USMC, FCC, and CAB, which are within jurisdiction of that committee; and Senator Maybank, chairman of the Senate Banking and Currency Committee, introduced S. 2340, incorporating recommendations concerning SEC and the Federal Reserve System, which are within the province of that committee. This left in S. 2073, the original Regulatory Act of 1949, only one remaining regulatory agency, NLRB. Action on S. 2073 and S. 2059 was indefinitely postponed by the committee on March 21, 1950, since the major provisions were incorporated in Reorganization Plans Nos. 7 to 13, inclusive, of 1950.

S. 2060 (McCarthy), to establish a Department of Welfare.—The attorneys for the Hoover Commission submitted to the chairman of the committee a draft of a proposed bill to establish the Department of Welfare as an executive department to conform to the Commission's recommendations. The bill was introduced in the Senate by Senator McCarthy as S. 2060 on June 13, 1949. It provided for the establishment of a Department of Welfare as an executive department, a Secretary of Welfare, in whom all functions of the Department would be vested, an Under Secretary, and three Assistant Secretaries, all

to be appointed by the President with the advice and consent of the Senate. It also transferred to the new Department designated functions of the Federal Security Agency and the Federal Security Administrator, and the functions of the Bureau of Indian Affairs in the Department of the Interior.

S. 2060 was indefinitely postponed by the committee when it took action to report favorably a resolution of disapproval (S. Res. 147) of Reorganization Plan No. 1 of 1949 (to constitute the Federal Security Agency a Department of Welfare) on August 8, 1949 (see S. Rept. No. 851, and p. 320, S. Rept. No. 1158).

S. 2060 (in the nature of a substitute), to create a Department of Health, Education, and Security.—Following the action of the committee in voting to report the resolution of disapproval of Reorganization Plan No. 1 of 1949 favorably, Senator McCarthy introduced on August 5, 1949, a substitute for S. 2060, which was identical to S. 140 reported by the committee in the Eightieth Congress.

S. 2060—in the nature of a substitute—would raise the Federal Security Administrator to the status of Secretary of a new Department of Health, Education, and Security, but differed from Reorganization Plan No. 1, in that it would authorize autonomous status for each of the three main functions of the Department. Under Secretaries of Health, Education, and Public Welfare would be created, to head (1) a Bureau of Health, to which would be transferred St. Elizabeths Hospital, Freedmen's Hospital, the United States Public Health Service, and the Food and Drug Administration; (2) a Bureau of Education, to which would be transferred the United States Office of Education; and (3) a Bureau of Public Welfare, to which would be transferred the Social Security Administration.

The bill would restrict the authority and appropriations to limitations established for the Federal Security Agency, and the Director of the Bureau of the Budget would be required to make a continuous study of the activities of various departments and agencies not now included in the Federal Security Agency, with a view to determining whether such activities should be transferred to the new Department.

As it differed from Reorganization Plan No. 1 of 1949, S. 2060, as amended, differed materially from the original S. 2060, primarily, in that it maintained a certain autonomy for each of the major activities incorporated in the new Department, retaining certain functions in the respective Under Secretaries which would have been vested in the Secretary in the original bill. It also made reference to other important Hoover Commission recommendations in the fields of health, employment and compensation.

S. 2060 (in the nature of a substitute) was indefinitely postponed by the committee on June 21, 1950, after a resolution of disapproval (S. Res. 302) was reported favorably (S. Rept. No. 1943) to disapprove Reorganization plan No. 27 of 1950, providing for the creation of a Department of Health, Education, and Security. Plan No. 27 would have constituted the Federal Security Agency as a Department of Health, Education, and Security, but would have retained the semi-independent status of the United States Public Health Service and the Office of Education, as presently provided by the Congress. However, plan No. 27, like plan No. 1 of 1949, among other differences from the Hoover Commission recommendations regarding these activities, made no provision for the establishment of a United Medical

Administration to consolidate the Public Health Service with other Federal medical activities. The plan was rejected by the Congress when the House committee approved House Resolution 647 (H. Rept. No. 2320) expressing disapproval of the proposal on June 23, which was adopted in the House on July 10, 1950.

S. 2833 (Cain), Organization of the Department of the Interior.—This bill had as its major purpose the transfer to the Department of the Interior of (1) the civil functions of the United States Corps of Engineers from the Department of the Army, (2) the Bureau of Community Facilities from the General Services Administration, and (3) the tin-smelting facilities at Texas City, Tex., from RFC in furtherance of the Hoover Commission recommendations, providing for the consolidation of major purpose public-works activities within the Department of the Interior. It also created a Board of Analysis for public-works projects to examine, analyze, and make recommendations upon all major public works constructed by the Federal Government, or with the aid of Federal funds, excepting projects directly related to military defense. S. 2833 incorporated provisions of S. 2057, introduced by Senator McCarthy and referred to the Committee on Interior and Insular Affairs, concerning codification of the reclamation laws, the appointment of additional Assistant Secretaries of the Interior, and the granting of broad reorganizational authority to the Secretary of the Interior as the Hoover Commission recommended. In addition, it would have transferred from the Secretary of the Interior certain functions of the Bureau of Indian Affairs (to the Federal Security Agency), of the Bureau of Land Management (to the Department of Agriculture), and of the Fish and Wildlife Service (to the Department of Commerce), as recommended by the Hoover Commission in its report. Reorganization Plan No. 3 of 1950 partially implemented the provisions of these bills, but no action was taken on those sections relating to the transfer of components to or from the Department of the Interior, and action was indefinitely postponed on the bill at an executive session on June 21, 1950. A bill covering the transfers proposed by the Hoover Commission (S. 3657) was introduced by Senator Douglas, after Reorganization Plan No. 3 became effective, and referred to the Committee on Public Works, where no action has been taken.

Senate Joint Resolution 131, requiring the transmission to Congress of an alternate and balanced budget for fiscal year 1951.—This resolution was introduced by Senator McClellan on September 23, 1949, to follow up on Senate Joint Resolution 108, outlined above. It was designed to indicate possible economies, by requiring the President to submit to the Congress as an additional feature of his regular budget document for the fiscal year 1951, the figures constituting an alternate budget so reduced that total expenditures would not exceed total anticipated Federal revenues. This alternate budget would, therefore, supplement any unbalanced budget which the President sees fit to recommend. This provision would more adequately equip the Congress to make specific determinations as to whether or not deficits should be incurred, and for what purpose. The substance of Senate Joint Resolution 131 was proposed on September 29, 1949, by Senators McClellan, Ferguson, Byrd, Eastland, and Stennis as an amendment to H. R. 1689, the Executive Pay Raise Act of 1949. The amendment was accepted by the Senate, but was stricken in conference (H. Rept. No. 1411).

S. 2898, to establish a Joint Committee on the Budget.—This bill, introduced by Senator McClellan on January 19, 1950, would amend the Legislative Reorganization Act of 1946 by creating a Joint Committee on the Budget to replace the present Joint Committee on the Legislative Budget. The Joint Committee on the Budget is directed under S. 2898 to (1) make a detailed study of the annual budgets of Federal agencies both during and after preparation, (2) provide the Committees on Appropriations with information on budget items and justifications, (3) report to the Appropriations Committees findings relating to necessary adjustments or revisions in appropriations as may be required to balance the budget, and (4) make recommendations to the appropriate standing committees relative to (a) desirable changes in existing law which would effect greater efficiency and economy, and (b) matters relating to deviations from basic legislative authority, or use of appropriations in a manner inconsistent with congressional authorization. This joint committee would be composed of five members each of the House and Senate Appropriations Committees, to constitute a service committee to provide detailed information to all committees of the Congress as to the expenditure of Federal funds and the need for reductions in or supplements to existing appropriations.

Another proposal, Senate Concurrent Resolution 38, introduced on May 11, 1949, provided for the creation of a Legislative Budget Committee consisting of five members each of the House and Senate Appropriations and Revenue Committees. The resolution called for an annual omnibus appropriation bill, and required that all proposals authorizing appropriations must estimate their costs over a 5-year period or for the duration of the project if for a shorter life. Senate Concurrent Resolution 38 was reported favorably to the Senate on April 14, 1950, by the Committee on Rules and Administration (S. Rept. No. 1487). Senator Hayden, chairman of the committee, submitted a minority report, however, opposing this action. He suggested that the whole matter be held in abeyance until Congress had gained more experience under the present omnibus appropriation procedure, and favored S. 2898 as more practical in acquiring information needed by Congress in considering the Federal budget submitted each year. Senate Concurrent Resolution 38 made no further progress.

Action on S. 2898 was postponed by the committee until the convening of the Eighty-second Congress, at which time it is proposed that general hearings will be held to determine various advisable amendments to the Legislative Reorganization Act of 1946. In view of the importance of this proposal, however, the chairman of the committee has indicated that it may be considered separately from any general amendments to the Legislative Reorganization Act. In all probability, a revised bill will be filed early in the Eighty-second Congress.

S. 2161 (Hunt), authorizing the President to impound certain appropriated moneys.—This bill, introduced by Senators Hunt, Withers, and Lodge on June 29, 1949, has a complicated background, stemming from difficulties connected with legislative budget procedure established under the Legislative Reorganization Act of 1946, as the result of which the Committee on Rules and Administration favorably

reported Senate Concurrent Resolution 18 providing for an annual consolidated general appropriation bill (S. Rept. No. 616). To meet objections of various executive agencies that such an omnibus bill would greatly increase the danger of bad legislative riders, the same subcommittee which had recommended Senate Concurrent Resolution 18 proposed S. 2161 which resembles an item-veto bill, since it authorizes the President to strike out part or all of items of appropriations which he deems are "not in the public interest," which was referred to this committee. The bill provided, however, that Congress may reappropriate these stricken dollar items by simple majority, in which event the President cannot again intervene on the items involved. This provision of somewhat doubtful constitutionality stops short of authorizing the President to eliminate nonfiscal as well as fiscal provisions of appropriation bills. The committee, after considerable study of the proposal in connection with other legislation pending before it (as outlined above), and other committees in the Senate, voted to postpone indefinitely action on S. 2161 on March 21, 1950.

S. Res. 318 (Ferguson), to investigate the operation of the program for the procurement of supplies, materials, and facilities in connection with national defense.—This resolution was indefinitely postponed in view of the fact that the committee is already vested with authority provided therein under the Legislative Reorganization Act of 1946. In addition, the Subcommittee on Senate Investigations is conducting current inquiries in regard to the defense procurement program.

S. 3775 (Thomas and Ives), to provide for the establishment of congressional investigating commissions.—This bill establishes a permanent Congressional Investigating Commission, composed of two Senators, two Members of the House of Representatives (one from each major political party), and three members from a panel appointed by the President with the advice and consent of the Senate (not more than two of whom shall be from the same political party), a chairman to be selected jointly by the President of the Senate and the Speaker of the House of Representatives. The bill further provides that any investigation undertaken by the Commission must be approved by concurrent resolution by Congress.

This bill would centralize all House and Senate investigations and is designed to eliminate duplications of such investigations. It would create a special staff which would be available for all such investigations, whether originating in the House or the Senate, if approved by concurrent resolution. The bill was referred to a special subcommittee for consideration. The subcommittee's report resulted in the bill being temporarily postponed on August 30, 1950, as lengthy hearings were indicated. The view of the committee was that the matter should be deferred to the next Congress.

Senate Resolution 280 (Hill, et al.), relating to employment of moral perverts by Government agencies.—This resolution was introduced by members of the Senate Subcommittee on the District of Columbia of the Committee on Appropriations, and referred to this committee for action. (See S. Rept. No. 1746.) The committee in turn referred the resolution to its Subcommittee on Investigations. A report on this resolution was submitted to the Senate by the subcommittee (S. Doc. No. 241, December 15, 1950). Further details are included under the subcommittee's activities, herein.

Senate Resolution 331 (Butler), to investigate the acquisition of Palmer Airport by the Territory of Alaska.—This resolution provides for a full and complete study and investigation of the circumstances surrounding the acquisition of Palmer Airport in the Territory of Alaska. At an executive session held on August 23, 1950, the committee referred the resolution to its Subcommittee on Investigations for whatever action may be indicated, with instructions to report back to the full committee at the earliest practical date, in accordance with the provisions of the resolution. Action taken thereon is reflected in the activities report of the Subcommittee on Investigations included elsewhere in this report.

S. 1120 (Morse), to amend the Legislative Reorganization Act of 1946 to require an accounting for the expense allowance payable to each Senator, Representative in Congress, Delegate from the Territories, and Resident Commissioner from Puerto Rico.—The title of this bill explains the purpose of the proposed legislation. Action was postponed indefinitely by the committee on May 19, 1949.

S. 3116 (Humphrey), providing for the repeal of section 601, title VI, of the Revenue Act of 1941, pertaining to the Committee to Investigate Federal Expenditures, and for other purposes.—S. 3116 would abolish the so-called Byrd committee, a special committee known as the Joint Committee on Reduction of Nonessential Federal Expenditures, which was created through an amendment to the Revenue Act of 1941 and is not in fact a congressional committee, although composed largely of Members of Congress. The Director of the Bureau of the Budget and the Secretary of the Treasury are also members of the committee.

The provisions of this bill were discussed at considerable length in the Senate by its sponsor, Senator Humphrey, who contended that the functions allocated to the joint committee duplicate those assigned to and performed by the Committee on Expenditures under the Legislative Reorganization Act of 1946, and by the chairman of the Joint Committee, Senator Byrd, and other Senators. The bill was considered in executive session and postponed indefinitely.

NOMINATIONS

The committee received only two nominations during the Eighty-first Congress: (1) The reappointment of Rear Adm. Paul L. Mather to be War Assets Administrator, vice Jess Larson, which was reported favorably by Senator McClellan on April 29, and confirmed by the Senate on May 6, 1949; and

(2) Jess Larson to be Administrator of General Services, reported favorably by Senator McClellan on July 5, and confirmed by the Senate on July 6, 1949.

There was no opposition to either of these nominations and the committee reported them immediately and confirmation was expedited in every way possible in the Senate.

AUDIT REPORTS

This committee has the duty of "receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the Senate as it deems necessary or desirable in connection with the subject matter of such reports" (sec. 102 (g) (2) (A) of the Legislative Reorganization Act).

Pursuant thereto, there were received during the Eighty-first Congress a total of 62 audit reports and seven miscellaneous reports reflecting the activities of the General Accounting Office in various fields. Included in the miscellaneous group were two annual reports for the years 1948 and 1949, incorporating a summary of GAO work, as required by law. Also from the miscellaneous group, a report concerning certain contracts entered into by the former Federal Public Housing Authority (the functions of which are now within the Housing and Home Finance Agency) on a cost-reimbursement basis plus a fixed fee and a fixed amount for overhead, a special report on the examination of the Commodity Credit Corporation, and a special report on construction-differential subsidies and related national defense allowances granted by the United States Maritime Commission, were referred to the Subcommittee on Senate Investigations and action thereon is covered hereinafter in the report of that subcommittee's activities.

The staff of the committee prepared analytical memorandums on each of the 62 audit reports referred to above, together with 10 audit reports received during the Eightieth Congress which had not been analyzed previously. Through appropriate consolidations of agencies and fiscal years, all audit reports have been grouped in 22 separate staff memorandums, and a committee report thereon was submitted to the Senate (S. Rept. No. 2685) on December 20, 1950.

In addition to the reports received during the Eightieth and Eighty-first Congresses, the staff, during the first session of the Eighty-first Congress had earlier prepared memorandums on four other audit reports submitted to the Eightieth Congress³ and, during the second session of the Eighty-first Congress on two interim memorandums,⁴ all six being omitted from Senate Report No. 2685, cited above.

Throughout the audit reports, the staff had observed a recurrence of a group of recommendations common to many of the agencies and repeated year after year. Directed to the Congress, these recommendations involve such questions of basic policy as whether all Federal revenue-producing enterprises should be required to pay interest on Government capitalization, to bear their share of retirement, disability and compensation benefits, and to pay for certain other services now rendered without charge; for example, Department of Justice legal services, postage-free mail, and rent. A number of discussions have been held between the staff and representatives of the General Accounting Office and in a special staff memorandum included in Senate Report No. 2685 (see above citation) the position of the GAO is fully disclosed and supplemented by staff commentary as needed.

MISCELLANEOUS REPORTS FROM EXECUTIVE DEPARTMENTS AND AGENCIES

The committee received 27 special communications and reports from various agencies of the executive branch submitted to Congress in accordance with provisions of law. These included:

³ Gorgas Memorial Laboratory, 1946-47, Staff Memorandum No. 81-1-1; Home Owners Loan Corporation, 1947, No. 81-1-5; Federal Savings and Loan Insurance Corporation, 1945-46, No. 81-1-11; and Metals Reserve Company, RFC, No. 81-1-12.

⁴ Gorgas Memorial Laboratory, 1948, No. 81-2-11; and Tennessee Valley Authority Cooperatives, 1947-48, No. 81-2-15.

1. Quarterly progress reports (four separate reports) from War Assets Administration, from early 1948 until it was transferred to the General Services Administration under Public Law 152 on June 30, 1949.

2. Report from the Secretary of the Treasury showing refunds of internal revenue in excess of \$500 made by the Bureau of Internal Revenue in 1948, because of taxes illegally or erroneously collected.

The chairman of the committee addressed an inquiry to the Secretary of the Treasury relative to the value of these reports, the cost of preparation thereof, etc., with a view to initiating legislative action to cut down on the reports, which were so voluminous that no real examination of them was possible. Following this action, the Congress under Public Law 727, Eightieth Congress, raised the limit for reporting such refunds to \$5,000. Another bill, H. R. 4965, amending the Internal Revenue Code to require reporting of refunds in excess of \$20,000, was introduced in the House and referred to the House Committee on Ways and Means for study. The entire problem was transmitted to the chairman of the Senate Committee on Finance on July 1, 1949, since the committee determined that any remedial legislative action required to further reduce the cost of preparing and submitting these reports, in order to better serve the purpose for which they were intended, came within the jurisdiction of that committee.

3. A letter from the Interstate Commerce Commission relative to the payment of a travel allowance claim to which exception had been taken by the Comptroller General.

Following receipt of this communication, the chairman requested information from the ICC and the Comptroller General relative to the possibility of eliminating the requirements then existing for submission to Congress of bills for relief of certifying officers where expenditures were clearly in the Government's interest, but not strictly in conformance to some technical provision of law. Subsequently, the committee included an amendment in Public Law 830, outlined hereinbefore, changing the old requirement, authorizing payment of travel expenses of employees, transportation of their families, and shipment of their household effects, or transfer from one official station to the other at the convenience of the Government only "when authorized in the order directing the travel," to provide that such travel may be reimbursed to employees for expenses of such travel when "authorized and approved." The effect of this provision will eliminate the necessity for submitting private relief measures for the consideration of Congress where such travel is in the Government's interest by directing the General Accounting Office to approve expenditures of this nature when properly authorized, regardless of whether or not the official travel orders are actually in possession of the employee at the time the travel was initiated, as previously required before the expense thereof could be paid.

4. There were a total of seven communications received from various agencies to which were attached drafts of proposed legislation designed to bring about improved organizational structures and operations of such agencies, or to remove inequities in existing law. These were either incorporated in other bills under consideration by the committee, or filed as separate measures and covered hereinbefore under the title "Bills and Resolutions Referred to the Committee." These included

proposals to provide for (a) the more economical operation of the general supply fund by the Bureau of Federal Supply, Department of the Treasury; (b) authorizing certain administrative expenses for the Treasury Department; (c) authorizing the withholding of compensation due Government personnel; (d) amendments to the Travel Expense Act of 1949; (e) authorizing relief of authorized certifying officers of terminated war agencies in liquidation by the Department of the Interior, and (f) Department of Commerce; and, providing for the financing of the operation of the Bureau of Engraving and Printing in the Department of the Treasury.

5. Annual report of the General Services Administration for the period July 1 to December 31, 1949. An analysis of this report was covered in staff Memorandum No. 81-2-32, dated March 17, 1950.

6. To complete this group, there were a total of 13 general reports dealing with miscellaneous subjects, as follows: (a) Special Assistants employed by the Department of Justice (two reports); (b) expenditure appropriations by the United States Customs and Patent Appeals for 1948 and 1949; (c) report of the Secretary of State on the operations of the Department of State under section 32 (b), Public Law 584, Seventy-ninth Congress; (d) reports on payment of claims for damages occasioned to naval vessels (two reports); (e) report from the Secretary of Defense that no claims were paid from the appropriation "Salaries and expenses" for the year ending December 31, 1949; (f) report on contracts negotiated for experimental, developmental or research work for the period from July to December 1949; (g) report on foreign excess property disposal by the Navy for the period July 1 to December 31, 1949, (h) request for authority to direct the Secretary of Defense to transfer and convey certain lands to the Federal Communications Commission in connection with its radio monitoring program (this matter was referred back to the FCC and to GSA for consummation under provisions of Public Law 152); (i) a report on contracts negotiated for research and development purposes; (j) a report on conservation of critical materials pursuant to the President's directive of July 26, 1950; and (k) a report on the disposal of Army excess personal property located in areas outside the continental United States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands, for the period July 1 to December 31, 1949.

SPECIAL STUDIES AND ACTIVITIES OF THE COMMITTEE

The committee's normal activities are devoted largely to carrying out duties prescribed under section 102 (g) (2) of the Legislative Reorganization Act, directing, in part, that it shall have the duty of "studying the operation of Government activities at all levels with a view to determining its economy and efficiency," and of "evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government."

Under section 102 (g) (2) (B), the committee has established a cooperative relationship with the agencies of the executive branch of the Government, looking toward the elimination of policies and procedures with respect to which complaints of deviation from provisions or intent of basic law, including illegal overexpenditure or over-obligation of appropriations or limitations thereof, have been filed

with the committee by other committees, individual Senators, or others. This relationship has been most effective in resolving points previously at issue between the legislative and executive branches, and, through it, the committee has brought to fruition a unique and successful experiment in legislative-executive understanding in the over-all objective of effecting greater economy and efficiency through better management policies.

The committee has initiated a program for determining action taken on each of the reorganization plans and acts approved by the Congress, the administrative deficiencies eliminated or improvements made in organization and management of the agencies affected together with the estimated savings, if any, resulting therefrom. A report covering replies to these requests was submitted to the Senate on December 19, 1950 (S. Rept. No. 2680). This action is based on the conviction of the committee that the responsibilities of Congress in approving reorganizations in the executive branch do not cease with the enactment of enabling legislation or with the approval of reorganization plans, but that there remains the further duty through this committee to ascertain the administrative action taken pursuant thereto and the benefits derived therefrom. This, likewise, is a departure from previous activities performed by committees of Congress and is one that not only should stress the fact that the Congress expects positive implementing action by the executive branch on approved reorganizations, but should also stimulate administrative action to capitalize fully on the efficiencies and economies contemplated thereunder.

In addition to this report, the following are outlines of three other areas in which the committee has conducted special studies the result of which were reported to the Congress, and which will be the basis for appropriate actions in the future, as may be indicated.

CHARTS ON THE ORGANIZATION OF THE EXECUTIVE BRANCH

An important special activity of the committee that has resulted in the receipt of many expressions of approval from Members of Congress, officials of the Government, and public agencies, is the issuance of semiannual organization charts of the Federal executive departments and agencies. The charts were initiated at the beginning of the Eightieth Congress, with the first issue dated January 1, 1947, and have been released at subsequent 6-month intervals showing detailed organizational structure to the "division" level and personnel assignments to each such organizational component as of January 1 and July 1.

The information in the chart is furnished to the committee by each agency of the executive branch. The cooperation of Federal officials in compiling the data has been largely responsible for the success initially achieved and for improvement in succeeding issues. The committee has submitted with each chart a report in which major changes in personnel have been explained, together with details regarding reorganizations effected during the 6-month interval preceding each issue. The chart issued on July 1, 1948, was used as a basis for the Hoover Commission's reports on organization of the executive branch. Personnel and organization data depicted therein were re-

ferred to repeatedly in the Commission's reports, and formal recommendation to bring about improvement in organizational structure through the adoption of uniform nomenclature (the absence of which was emphasized by the chart) was later made by the Commission: This committee had earlier recommended that standard nomenclature should consist of the following terms in progressing from the higher to the lower levels of organization: Department, bureau, division, branch, section, unit. The Hoover Commission, in approving this formula, suggested that a further segregation would be desirable by including "service" between department and bureau, thereby indicating large coordinating activities of one or more bureaus or other components in a given area. Many of the agencies have adopted this uniform nomenclature, and reorganizations effectuated thereunder have been reflected in succeeding issues of the chart. Certain departments and agencies have found some difficulty in conforming due to statutory limitations, but indications are that these will be corrected by future legislative enactments dealing with specific functions of such agencies.

INCREASING COST OF THE FEDERAL GOVERNMENT

Throughout both sessions of the Eighty-first Congress, the committee has in various ways emphasized great interest and growing concern in the rising costs of the Federal Government. Of particular importance on this score has been the variety of bills, resolutions, reorganization plans, and the like, which have been acted on by the committee, as described elsewhere in this report.

In addition, mention should be made of two special extended reports made by the committee in the field of increasing Federal expenditures. As indicated in the address to the Senate by the committee chairman on February 22, 1950, the staff prepared an analysis of the huge potential costs of the 15 most important proposals included in the legislative program of the President. Without "undertaking to discuss or pass final judgment upon the merits or lack of merits of each and all of the above proposed measures" the chairman emphasized that only the most indispensable additional items should be undertaken until the long-continued, recurring annual Federal budget deficits have been eliminated.

A few days later much debate in the Senate centered on the fact that the Federal expenditures had increased so markedly within only 2 years—from \$34 billion in the fiscal year 1948 to \$43 billion in the fiscal year 1950, or a huge rise of \$9 billion. As a result the committee chairman addressed the Senate on March 22, 1950, on this score, incorporating another extended analysis prepared by the committee staff to show the more important aspects of the above 2-year over-all trend extended to include a small over-all decline for the year ahead.

This material, together with selected historical tables on Federal receipts, expenditures, annual deficit, and outstanding debt, was prepared and submitted to the Senate in Senate Document No. 150 on March 28, 1950. This brief pamphlet has attracted much interest, as indicated by requests for copies from many different official and nonofficial sources.

FEES FOR SPECIAL SERVICES

In further cognizance of its responsibilities under section 102 (g) (2) (B) of the Legislative Reorganization Act to maintain surveillance of the economy and efficiency of Government activities, the committee, in executive session of February 15, 1950, gave consideration to the question of assessing charges for those services which are presently rendered by the Government to special beneficiaries without charge or without adequate charge, as distinguished from those services for which the Government is inherently liable in the public interest. The concept underlying the committee's consideration was that, by transferring the cost of such special services to the recipients thereof, very real progress would have been made toward the goal of reduction of the Federal budget. Accordingly, the staff directed to undertake a study of the subject in its broad aspects.

Because of limited facilities, the inquiry necessarily was conducted through a sampling process. Twelve agencies in the executive branch of the Government were selected as providing an adequately representative cross section of varied activities, and from each a report was obtained indicating the services of all kinds now being rendered, the present fees, if any, therefor, and the agency's views of the propriety and practicability of modifying such fees and assessing new fees for services for which there is now no charge. On the basis of analysis of these agency reports, the committee has concluded that there are available potentially lucrative but untapped sources of Federal revenue to be derived from services for which it would not only be equitable to assess appropriate fees, but for which the recipients would be entirely willing to pay. The complete results of the study are incorporated in Senate Report No. 2120, submitted to the Senate on July 24, 1950. Copies thereof were sent especially to the chairmen of the standing committees of both the Senate and House of Representatives, and response has been most encouraging and indicative of intent to utilize the results of the study in relation to future legislation.

MISCELLANEOUS ACTIVITIES OF THE COMMITTEE

The nature of the functions assigned to the committee in the Legislative Reorganization Act, as hereinbefore set forth, has resulted in the receipt of numerous requests for information and suggestions on the part of various Senators for investigations of a minor nature where some deviation from existing law or some activity on the part of an agency of the Government indicated extravagance or inefficiency. Many of these were of no particular significance and no attempt was made to enumerate or classify the various contacts or communications with such agencies, which varied from occasional checks to, in one or two instances, rather extensive examinations.

The following are typical cases cited to illustrate the variations or types of studies undertaken by the staff for the committee or at the request of members of the Senate:

(1) Investigation of reported discrimination in the withholding of contract allocations by the Veterans' Administration in the purchase of X-ray and operating equipment.

(2) Purchase of television sets for senior officers by the Navy Department.

(3) General Accounting Office report on improper handling of funds coming into the hands of officers and employees of the Government.

(4) Policies being followed by the General Services Administration with respect to the disposition of surplus property to small business concerns.

(5) Information compiled in response to requests from Members of the Senate in order to factually reply to inquiries as to "Why Hasn't Congress Taken Action on Hoover Commission Reports?"

(6) Preparation of special staff reports on specific aspects of the Hoover Commission reports, as requested by individual Senators.

(7) Proposed amendment to the Corporation Control Act of 1945 to provide for audit of "mixed-ownership" corporations after the capital investment of the Government has been withdrawn or retired.

(8) Transfer of excess Federal property from the Department of Defense to the Federal Communications Commission for use as a combination office and monitoring station in connection with investigation of sources of interference with radio reception in the Spokane-Seattle area.

(9) Staff reports on the purpose for which the Armed Services Committee of the Senate appointed a special investigating subcommittee to duplicate functions of the Senate Subcommittee on Investigations.

(10) Inspection of records management centers, procurement of officers, and supply depots in the New York area.

(11) Procurement policies and supply system of the Veterans' Administration in conflict with provisions of the Federal Property and Administrative Services Act, as amended.

(12) Reports received by the committee relative to the purchase of safety matches by the Department of the Army, while the Department of the Navy was disposing of the same type of matches as surplus.

(13) Reports submitted to the committee that star routes in South Dakota were being abolished and contracts for mail service entered into without due regard to postal service requirements, which would result in impairment of mail deliveries.

(14) A report from the GAO indicating waste of appropriated funds by the Department of the Army at its Detroit Arsenal involving \$88,000 plus an undetermined amount for replacement of Government stock.

(15) Investigation of complaint against the Post Office Department regarding the use of the postal service for distribution of letter-writing circulars.

(16) Digest of the first annual report of the Administrator of GSA.

(17) Annual report of funds received by the United States Treasury which were not deposited into the general fund, as required by law.

(18) Complaint regarding infringement of patents for manufacture of file cabinets.

(19) Review of Joint Report to Congress on the Federal Catalog System.

(20) Investigation of charges that the Department of Defense was imposing arbitrary delivery restrictions which increased the cost of coal at army hospitals.

To illustrate the type of action taken by the committee in following up on these complaints and carrying out these functions, the following cases are cited:

Creation of the Accounting Systems Division in the GAO

During the summer of 1947 the staff of the committee made a study of the Government's archaic accounting system and dual reporting procedures of funds appropriated for the various departments and agencies of the executive branch.

Conferences were held with representatives of the General Accounting Office, Bureau of the Budget, and Department of the Treasury, with a view of improving the accounting system at all levels of administration and to adopt business-type methods, procedures, and forms in order that a single monthly report could be prepared that would furnish the information necessary for agency management and at the same time fulfill the needs of the Bureau of the Budget and the General Accounting Office.

At the conclusion of these conferences, the staff recommended that the Bureau of the Budget, General Accounting Office, and Treasury Department make a concerted drive to study the problems involved and work out improved methods and procedures for the purpose of streamlining the Federal accounting and reporting systems.

On January 6, 1948, the Comptroller General established an Accounting Systems Division in the General Accounting Office to deal with the administrative accounting system of the Federal Government, and appointed Mr. Walter Frese as Chief of the Division responsible for supervising the General Accounting Office's leadership in this field. A cooperative agreement was signed by the Secretary of the Treasury, Director of the Bureau of the Budget, and the Comptroller General, whereby those three agencies would spearhead study and development of better accounting and reporting of fiscal affairs of the Government in collaboration with the departments and agencies concerned.

The work of this Division and the programs and studies conducted by these three agencies have been examined from time to time by the committee and, as a result of the work performed, areas of understanding have been established and the framework of this cooperative undertaking has been incorporated in the Budget and Accounting Procedures Act of 1950, Public Law 784, approved September 12, 1950.

Records management centers, procurement and supply programs

In accord with the committee's policy of following-through on legislation handled, to determine its effectiveness in actual operation, the chairman authorized the staff to survey and inspect the Government's records management program initiated under Public Law 754 in the New York area.

It was found that the program was being developed and carried out as justified, and in accord with the intent of Congress. Some difficulty was reported, however, in obtaining adequate space for establishing records centers. This difficulty was eliminated by an agreement with the Navy Department, which allocated over 50,000 square feet of warehouse space to GSA from the Navy clothing factory depot in Brooklyn. From September 1 to October 15, 1950, the Federal offices in the New York area moved files and records from high-priced office space to the center thus freeing over 100,000 square feet of office space at an annual savings of \$103,000. It was also found that the Department of the Navy maintains its own record center at Garden City, N. Y., where excellent service is maintained of permanent records under the jurisdiction of that Department.

Conferences were held with the New York regional director of GSA, the commanding officer of the Navy Catalog Office, procurement officer of the Department of State's Overseas Supply Office, and the director of Veterans' Administration medical supply depot. These conferences were held for the purpose of determining the effectiveness of Public Law 152, the problems involved in administering the programs under their jurisdiction and objectives attained in improving procurement, supply, warehousing, and property management. Improvements in administering these programs have been attained and are constantly being extended to other activities, especially in consolidated purchases, uniform cataloging whereby economies are effected by eliminating duplicate stock classification numbers, materials handling, and traffic management.

Inspection of the physical lay-out and discussion of the purpose and mission of the VA medical supply depot at Summerville, N. J., reveals that the Federal Government is spending over a million dollars per year to maintain this depot, which should be drastically reduced or transferred to the GSA.

Further study is now in progress of this activity, with a view of bringing about modern business practices and integration of a supply system for which the service rendered will be commensurate with the amount expended.

REPORTS OF SUBCOMMITTEES

The following reports were compiled and submitted to the committee by the indicated subcommittees relative to their activities during the Eighty-first Congress. Further information relative to action on legislation considered by the subcommittees is included in the report of the full committee hereinbefore.

ACTIVITIES OF THE SENATE INVESTIGATIONS SUBCOMMITTEE

Introduction

The Committee on Expenditures in the Executive Departments has delegated to this subcommittee the authority to make studies and investigations of Government activities at all levels with a view of determining its economy and efficiency, in accordance with the powers granted to the committee under the Legislative Reorganization Act of 1946 (rule XXV, sec. (g) (2) (B)). Since the organization of this subcommittee in 1948, it has employed a staff of trained and experienced investigators and attorneys, and has attempted to maintain a continuity of operations from year to year. This subcommittee, in an effort to conduct its investigations and hearings fairly and judiciously, operates under a set of rules and procedures which it adopted at the time the subcommittee was established in 1948. (See p. 24, *Activities of the Senate Committee on Expenditures in Executive Departments*; S. Doc. No. 4, 81st Cong.).

As a result of the investigations conducted by this subcommittee during the Eighty-first Congress, substantial savings of public funds have been effected. Furthermore in several instances there have been improvements in the efficiency of executive agencies which have adopted the formal and informal recommendations of the subcommittee. While it is impossible to estimate accurately in dollars and cents

the complete savings resulting from the activities of the subcommittee there are several instances of substantial savings in individual cases, as is indicated in the specific cases set forth below. There are undoubtedly other monetary savings resulting from the work of the subcommittee which cannot be estimated with any degree of accuracy. In evaluating the work of the subcommittee, it also should be considered that the mere existence and operation of this investigating unit does have a definite salutary effect on the day-to-day workings of many executive departments, as well as upon the activities of private firms and individuals who deal with the Government.

In view of the vast amount of public funds which now are being spent on the national defense preparedness program and because of the creation of many emergency defense agencies which are rapidly growing in size and numbers, it is the intention of the subcommittee to direct much of its attention to this program. In addition to the inquiries which the subcommittee intends to continue with regard to the normal operations of the peacetime civilian agencies of Government, the subcommittee plans to keep a close watch on the operations of the emergency agencies for the purpose of determining their economy and efficiency.

Insurance kick-backs on Export-Import Bank and ECA operations

A survey made by the subcommittee staff revealed that it was not uncommon in marine insurance circles for freight forwarders to get kick-back discounts of 10 to 15 percent on the premium paid for cargo insurance placed by such freight forwarders on behalf of their clients. The subcommittee was particularly interested in determining whether or not that practice was prevalent on exports financed with United States Government money and whether the discounts were passed on to the insured. A study of several loans made by the Export-Import Bank revealed that such practices did exist.

The Polish loan was selected for the purpose of making an intensive investigation. The Export-Import Bank on April 24, 1946, authorized a credit of \$40,000,000 to the Republic of Poland, for the purchase of mine and railroad equipment to rehabilitate the Polish coal and railroad industries, so that urgently needed coal could be supplied to Western European countries. Under this loan the financial counselor of the Polish Embassy executed the contracts but delegated the detailed operations to the Polish American Supply Co. (Polasco). Under the loan procedure the Export-Import Bank would make payments when such expenditures were certified by the Polish financial counselor.

Polasco retained the Pan Atlantic, Inc., as its freight forwarders, and Kurt M. Jachmann Co., Inc., of New York was retained as its insurance broker. An audit was made which revealed that during the years 1947, 1948, and 1949, Pan Atlantic, Inc., received \$1,831,392.42 for its services through the Export-Import Bank reimbursements. Investigation further indicated that officers of Pan Atlantic, Inc., were receiving a 15-percent kick-back on the ocean cargo insurance premiums from the insurance broker Kurt M. Jachmann Co., Inc. In addition one of the officials of Pan Atlantic was receiving another secret additional 10 percent of the insurance broker's premiums. The investigation disclosed that the fraudulent kick-back and overpayments of insurance premiums totaled approxi-

mately a quarter million dollars. Export-Import Bank officials stated that if they had been aware of these discounts they would not have approved reimbursement for these items.

These matters were called to the attention of various Government agencies, such as the Bureau of Internal Revenue with respect to the possible tax frauds committed by officials of the freight-forwarding companies and the district attorney's office of New York County, with respect to the possible frauds practiced within its jurisdiction. This situation was also brought to the attention of the Insurance Department of the State of New York, and the various United States agencies interested in exports from the United States, including the Export-Import Bank, the ECA, and the Maritime Commission.

The ECA officials immediately took precautions to guard against such kick-back practices and a new "suppliers certificate" was required on all ECA shipments which certified that no hidden commission or kick-back had been received or paid. The Export-Import Bank likewise took similar steps to avert the payment of kick-backs. The State of New York revoked the insurance license of the broker Kurt M. Jachmann Co., Inc., for illegally splitting commissions. On January 7, 1951, the New York State Insurance Department announced that it would prohibit foreign freight forwarders from soliciting insurance on sea cargoes unless they were licensed as insurance brokers. The Maritime Commission promulgated certain rules and regulations to control such improper practices of freight forwarders. The district attorney's office of New York County advises that the matter of criminal prosecution is still pending in their office. It is felt that the United States Government, and incidentally private businessmen, saved extremely large sums of money, particularly on ECA shipments during the past year because of the precautions instituted after our findings were called to their attention.

Five-percenter investigation

Early in 1949 the staff of the subcommittee investigated various cases involving complaints that influence peddlers were operating in the field of Government procurement. These preliminary inquiries disclosed that there was a boom in this business and as a result the subcommittee undertook a full-scale investigation of the matter. After extended public hearings in the summer of 1949, the subcommittee prepared a report of its findings which was submitted to the Senate on January 18, 1950 (S. Rept. No. 1232).

As a direct result of that investigation many of the executive departments inaugurated various methods of combating the sale of influence in Government. These innovations included new contract provisions which made it mandatory for contractors to disclose their dealings with five percenters; the organization of new procurement information services in the Department of Defense, the General Services Administration, and the Department of Commerce, which were designed to furnish prompt and efficient service to businessmen dealing with the Government; more effective interdepartmental dissemination of information concerning shady or unethical contractors and five percenters; and the employment of investigative units in procurement agencies for the purpose of preventing and detecting procurement frauds and similar irregularities.

In the course of this investigation the subcommittee discovered several possible criminal violations on the part of individuals who were

obtaining or assisting in obtaining contracts or were otherwise engaged in dealing with the Federal Government. All of these possible criminal violations were referred to the Department of Justice and one case involving John F. Maragon has already been tried in the Federal court. In that case Maragon was convicted of giving false testimony to this subcommittee. The appeal of that conviction is still pending.

The subcommittee is still making and will continue to make investigations of fraud, favoritism, and undue influence in the handling of Government business. It is felt that this type of inquiry is particularly important at this time, in view of the rapidly expanding procurement activities of the Federal Government in connection with the present preparedness program.

Maritime Commission—delinquent accounts

While conducting an investigation into other matters concerning the Maritime Commission the subcommittee learned that the Commission had an unprocessed backlog of thousands of accounting documents which included accounts receivable amounting to more than \$25,000,000. These accounts represented moneys due the Commission from private firms and other Government agencies for wartime services or supplies furnished by the Commission and the War Shipping Administration. Public hearings in this case were held in March 1949, and for several months thereafter the subcommittee followed the efforts of the Commission to clear up these delinquent accounts.

As a result of this inquiry it was found that these accounts receivable of the War Shipping Administration and the Maritime Commission, began to become delinquent as early as 1942. It was determined that in July 1947 when the delinquent accounts amounted to over \$39,000,000, all work was stopped on the delinquent-accounts project and the records were filed away by the Commission. The subcommittee criticized the inept handling of this backlog by the Commission and concluded that this method of processing delinquent accounts cost the Government an unascertainable amount of money. It was the conclusion of the subcommittee that had the Commission properly utilized its auditing manpower, even after the postwar personnel cut-backs, it could have cleared up the accounts-receivable backlog without the need of additional appropriations. As a direct result of the subcommittee's investigation, the Commission collected over six and a quarter million dollars due from public and private debtors and in addition adjusted accounts amounting to over \$10,000,000. The remaining delinquent accounts were integrated with the regular work of the Commission and this entire backlog was then worked on in the usual course of business. A report of the subcommittee's investigation in this case was submitted to the Senate on April 11, 1950 (S. Doc. No. 153.)

Utilization of Federal hospital facilities

In March 1949 the Committee on Organization of the Executive Branch of the Government (the Hoover Commission), issued a report to the Congress on the reorganization of Federal medical activities. In that report and in the related task force report the Hoover Commission pointed to the failure of Federal agencies to utilize a large unused bed capacity in our Federal hospitals. Subsequently there was some criticism of the hospital occupancy statistics which had been compiled by the Hoover Commission. In order to obtain the complete

facts on the occupancy of Federal hospitals the subcommittee undertook to make a detailed staff study of the utilization of Federal hospitals in the continental United States. This study was confined to the Veterans' Administration, Public Health, and the armed services, which agencies maintain and operate the great majority of all Federal hospitals.

As the result of this study the subcommittee submitted a report to the Senate (S. Doc. No. 174). This report set forth for the first time on a Nation-wide basis a complete compilation of occupancy statistics on each Federal hospital. It was believed by the subcommittee that this type of study could be of considerable assistance to those Federal agencies responsible for the operation of our Federal hospital program.

Kick-backs on Austrian ECA operations

Information came to the attention of the subcommittee that certain products going to Austria under ECA were being unduly controlled by certain exporters who had semiofficial connections with the Austrian Government or were representatives of the two lending Austrian banks.

It was reported that one of these persons had demanded kick-backs from American firms on exports of their products to Austria. Investigation disclosed a strong probability that such allegations had merit. The exporter admitted in one interview that in order to persuade Austrian companies to buy from United States companies he represented, he had to promise the Austrian companies kick-back commissions of 3 percent. He admitted that in getting quotations from United States firms he used the code words "3-percent freight charges" to mean 3-percent kick-back commission. Usually these commissions were reserved for the Austrians in United States dollars. The examination of the files of one large United States company revealed an arrangement with an Austrian firm to reserve a kick-back commission in United States dollars on all ECA purchases made by the Austrian company. Letters revealed that the Austrian firm endeavored to transfer this reserve account of over \$14,000 to a United States citizen in an effort to evade ECA regulations.

Investigation further disclosed that the exporting companies were acting in a dual capacity, both as Austrian bank representatives, as well as private exporting companies. Every Austrian who wished to buy ECA merchandise must, under Austrian monetary controls, get their letters of credit from these banks. Due to their bank representation these companies by examination of the letters of credit and shipping documents, were able to obtain confidential knowledge of their competitors prices, suppliers' names, quantities, etc.

It was further determined that under the guise of administering the letters of credit, one of the corporations representing the Austrian bank milked off over \$190,000 in fees which was then deposited in a Swiss bank account and placed under the private control of certain of the Austrian bank officials. It is interesting to note that these "fees" came off the Austrian economy and naturally resulted in the Austrian Government having fewer United States dollars to pay for ECA operation. It is obvious that the United States made up this deficiency from United States funds.

The facts were promptly brought to the attention of the Export-Import Bank and the ECA. Since Export-Import Bank loans had been practically all paid out, little could be done to prevent wasteful

expenditures on the loan operation. The ECA, however, brought the facts to the attention of Austrian officials and as a result, the principals representing the banks or acting in a semiofficial Austrian Government capacity were compelled to resign and the improper activities of these representatives and companies were curtailed. It is further understood that the ECA is studying the matter to determine if some recovery can be obtained of the moneys improperly expended.

Fiscal affairs of the Commodity Credit Corporation

Senate Resolution 98, concerning the fiscal affairs of the Commodity Credit Corporation, was referred to this subcommittee by the full committee (*supra*). The audit report of the Corporation Audits Division of the General Accounting Office on the Commodity Credit Corporation for the fiscal year ending June 30, 1945, disclosed outstanding accounts and notes receivable under the general commodities purchase program, amounting to \$366,643,129. The audit report stated, in connection with this outstanding item that it could not be supported nor verified. The report further continued:

The recorded balances of individual accounts are subject to qualification as a result of faulty application of accounting policies and poorly devised procedures. Amounts recorded as owing from sales made in this program were recorded on the basis of quoted prices on the date of recordation, while the billings to customers were based upon the quoted prices as of the date of delivery. Adjustments frequently were not made. In a number of cases, entries for quantities sold (with associated values) were based upon representations made by the purchaser and could not be supported by documentary evidence.

Subsequently this subcommittee received the joint audit report for the fiscal years ending June 30, 1946, and June 30, 1947, and it was noted that in April 1946 the Commodity Credit Corporation had begun the task of analyzing a portion of the general commodities purchase program accounts receivable. This activity was later expanded according to the report and called the "liquidation project."

The audit report disclosed that by September 1947 the Corporation had completed most of the work on the liquidation project. As a result of this project it was determined that the amount of receivables from individual customers (substantially all from outside the Government) was established at \$1,181,070 as of June 30, 1947. The book balance, however, had been reduced from \$366,643,129 to \$97,621,567. This might indicate that over a period of time, the amount of \$269,021,562 of accounts receivable outstanding on June 30, 1945, had been accounted for by June 30, 1947. However, since it was established that the actual collectible amount of accounts receivable aggregated \$1,181,070, a bookkeeping adjustment was made as of June 30, 1947, whereby the sum of \$96,440,497 in accounts receivable was written off.

The audit report indicates that because of the manner in which the liquidation project was conducted, little, if any, of the \$96,440,497 adjustment could have represented valid amounts due to the Commodity Credit Corporation from sources outside the Government.

The report further reflects that the Secretary of Agriculture requested an opinion from the Comptroller General as to whether the public interest would be served to an extent commensurate with the expenditure of effort and funds by a further investigation of this item. On May 2, 1949, the Comptroller General replied in part as follows:

The work entailed the location, examination, recording, regrouping, etc., of hundreds of thousands of invoices, cards, and related documents. Under the

circumstances, it did not seem advisable for the Corporation Audits Division to do more than make a general review of the methods employed. Based on this review and discussions and correspondence with the Corporation, * * * I feel that no categorical answer can be given to your question. This decision is based on the reported chaotic state of the records, particularly prior to March 1, 1944, the scope of the investigation revealed by the review, discussions, and correspondence mentioned above, the fact that considerable important information was missing from a large number of records of invoices and that certain records could not be located, and on the passage of time. However, it can be definitely stated, now that lend-lease settlements have been arranged, that no purpose would be served by further investigation of the balances due at June 30, 1945, from other governmental agencies.

The Senate Agriculture Committee held hearings with respect to the General Accounting Office reports and came to the conclusion that since the major portion of outstanding accounts written off involved sums due from other governmental agencies, no purpose would be served in further investigation of this matter.

In view of the substantial write-off of accounts receivable of approximately \$100,000,000 and the fact that no certainty exists as to the exact amount due from other governmental agencies, this subcommittee contemplates further inquiry to satisfy itself that no substantial loss will result to the Government.

Employment of homosexuals and other sex perverts in Government

Under the authority of Senate Resolution 280 adopted June 7, 1950, this subcommittee was directed to undertake an investigation into the employment by the Federal Government of homosexuals and other sex perverts. In view of the nature of the subject matter under inquiry the subcommittee held no public hearings in this case, but confined itself to a number of executive hearings. The subcommittee, through its executive sessions and staff studies, attempted to consider every aspect of the employment of homosexuals in Federal positions. The subcommittee considered not only the security risks involved in the employment of sex perverts, but it examined the rules and procedures followed by Federal agencies in the handling of these cases, and extensive inquiries were made into the basic medical, psychiatric, sociological, and legal phases of the problem.

At the conclusion of the subcommittee's inquiry a report (S. Doc. No. 241) was prepared setting forth the results of the investigation. The subcommittee reached the very definite conclusion that those who engage in acts of homosexuality and other perverted sex activities are unsuitable for employment in the Federal Government. The subcommittee further found that, while the existing rules and regulations of the Government were sufficient to adequately meet this problem, these rules were not being followed by most Government agencies. It was also found that many Government officials failed to take a realistic view of the problem of sex perversion, and there appeared to be a general disinclination on the part of Government officials to face the problem squarely. The subcommittee drew up proposed amendments to the Criminal Code of the District of Columbia which, if adopted, should materially strengthen the existing criminal laws in the District of Columbia regarding acts of sex perversion. In view of the importance of getting sex perverts out of Government and keeping them out, it is the intention of the subcommittee to reexamine the situation from time to time to determine whether its recommendations are being followed and to ascertain whether it may be necessary to take other steps to protect the public interest.

Federal aid for the Palmer (Alaska) Airport

This subcommittee, under the authority of Senate Resolution 331, initiated an investigation of the Palmer (Alaska) Airport project under which the Territory of Alaska applied for Federal aid for the acquisition and improvement of that airport. Subcommittee staff members conducted an investigation in Alaska and it was determined that in January 1950, the Territory applied for Federal aid and in its project application stated that the Territory owned part of the airport site and required \$5,000 to purchase the remainder of the site. This first application was approved by the Civil Aeronautics Authority, but was rejected by the Territory, and in a second application made in March 1950, the Territory indicated that it owned no part of the airport and estimated the cost of acquiring the same to be \$150,000. The subcommittee's investigation to date indicates that the value of this airport, as indicated by the Territory in its application for Federal aid, far exceeded the actual value of the land. As a result of the subcommittee's investigation no Federal funds have as yet been paid out to the Territory, and it is contemplated that public hearings will be held in this case to determine all of the facts prior to the payment of any Federal aid funds on this project to the Territory.

Miscellaneous activities of Senate Investigations Subcommittee

1. Staff study of air-mail subsidies to airlines, which study was made available to the Committee on Interstate and Foreign Commerce during the first session of this Congress.

2. An inquiry initiated by Senator Williams which he subsequently referred to this subcommittee that resulted in the recovery by the Commodity Credit Corporation of approximately \$45,000 from a private meat-packing firm. The recovery in this case was made in connection with the wartime sale of unsatisfactory meat products to the Federal Surplus Commodity Corporation.

3. Examination of the activities of the Air Force in the operation of the Civil Air Patrol.

4. Inquiry into the theft of German-owned personal property by American military personnel in Frankfurt, Germany.

5. Triplicate payment of \$595.95 by the Commodity Credit Corporation.

6. A joint inquiry with the staff of the Joint Atomic Energy Committee concerning the leasing of property by the Atomic Energy Commission at Oak Ridge, Tenn.

7. Preliminary studies into the conduct of certain German war crimes trials.

8. Inquiry into the purchase of towing-type tractors by the Air Force.

In addition to the above-mentioned cases, the subcommittee has handled a large number of other inquiries involving miscellaneous matters in the various Government agencies. In most of these cases, which were based on complaints referred to the subcommittee, routine inquiries by the staff promptly resolved the specific problem involved or proved the complaint to be groundless. The subcommittee is also making investigations in a number of pending cases. However, in accordance with the general policy of the subcommittee no public announcement is being made with regard to these pending inquiries until such time as further facts have been developed.

ACTIVITIES OF THE SUBCOMMITTEE ON RELATIONS WITH INTERNATIONAL ORGANIZATIONS

During the past 2 years, the subcommittee has continued its examination of United States relations with international organizations, pursuant to section 102 (1) (g) (2) (D) of the Legislative Reorganization Act of 1946. Intensive studies were made of various aspects of United States participation in international organizations, including the nature, extent, and cost of such participation. United States policy with respect to this Government's relations with international organizations has been reexamined with a view to determining the extent of the benefits which accrue to the United States, the need for careful analysis of any increased participation, the advisability of continued membership and participation and the possibility of reducing the financial burdens resulting from such participation. In addition, studies have been made with respect to the possible consolidation or liquidation of some of these organizations where it appeared that there existed overlapping, duplication of effort or function, or that no useful purpose was served by the continued existence of these agencies.

Other studies undertaken included an examination of the internal structure and operations of the agencies concerned in order to determine whether they are pursuing prudent policies with respect to personnel, budgetary methods, and other administrative matters. Particular attention was devoted to budgetary and program coordination and priorities. Finally, special studies were made concerning the internal organization and operations of the International Refugee Organization and much time was devoted to an analysis of the manner in which the United States Government is organized to meet its international organization responsibilities.

In March 1949 there was referred to the subcommittee, the report and recommendations of the Commission on Organization of the Executive Branch of the Government (Hoover Commission) with respect to foreign affairs. In accordance with instructions from the full committee, a staff memorandum was prepared which (1) analyzed the recommendations contained in the report; (2) digested the supporting documents; and (3) discussed the question of committee jurisdiction in the handling of proposed legislation to give effect to these recommendations (Staff Memorandum No. 81-1-25, March 29, 1949). Subsequently, the subcommittee prepared a progress report on the status of pending legislation, designed to give effect to the Hoover Commission's recommendations, which was added to the staff memorandum and published as a Senate committee print together with other similar material (Digest of Reports of the Commission on Organization of the Executive Branch of the Government).

In August 1949 there was referred to the subcommittee S. 2072, a bill to create a Commission to Study the Administration of Overseas Areas. The subcommittee considered the bill and reported favorably thereon (S. Rept. No. 889).

On June 8, 1949, the subcommittee submitted a report entitled "United States Relations with International Organizations: III. The International Refugee Organization," which was issued by the full committee as Senate Report No. 476, Eighty-first Congress, First session. This report (54 pages) set forth the results of an in-

tensive and detailed examination and investigation made by the subcommittee with respect to: (1) The extent to which the International Refugee Organization was performing the task it was created to perform; (2) the length of time required by the Organization to complete this task; (3) the internal operations of the Organization from a standpoint of the elimination of waste, maladministration of funds, and undue prolongation of the Organization's existence; and (4) miscellaneous problems relating to United States participation in the Organization.

This study was undertaken because the subcommittee found that during the preceding two fiscal years, approximately one-half of all the funds expended by the United States for participation in international organizations and conferences had been devoted to the International Refugee Organization. It was accordingly deemed in the public interest to examine the matters detailed above. Preliminary to the preparation of this report, the subcommittee heard witnesses in executive session and devoted much time to an analysis of testimony and documents relating to the operations of the Organization.

The subcommittee found that by June 30, 1950, the IRO had spent between \$375,000,000 and \$400,000,000 in carrying out its mission, of which in excess of \$200,000,000 was contributed by the United States; (2) that the Organization would not be able to complete its mission by the target date, June 30, 1950; (3) that the operations of the IRO had been substantially hindered by internal conflicts resulting from insufficient staff consultation and lack of coordination; a tendency on the part of some of its officials to take a national rather than an international viewpoint; and a tendency on the part of some of its officials to prolong the mission and life of the Organization; and (4) that the United States might again be called upon to expend additional large sums of money in connection with refugees and displaced persons after the termination of the IRO.

The subcommittee concluded that the refugee problem was international in scope and since the governments of the world had failed to assume their proportionate share of responsibility for the resettlement of displaced persons and refugees, that problem was one which required collective action and should therefore be placed before the United Nations.

The subcommittee was pleased to note that shortly after the publication of its report on the IRO, there was a complete shake-up of the administrative staff of that Organization, with many dismissals. In addition, the United Nations has taken action recently to solve the refugee problem by establishing an Office of the High Commissioner for Refugees which will be charged with the final solution to the problem after the termination of the IRO and the financial drain upon the United States will be substantially reduced.

In February 1950 the subcommittee submitted a report entitled "United States Relations With International Organizations: IV. United States Participation in International Organizations During the Fiscal Year Ending June 30, 1949" (71 pages). This report revealed, among other things, that (1) United States outlays and expenditures had risen, during the past 10 years, from less than \$850,000 during fiscal year 1939, to \$144,629,262 during the fiscal year which ended on June 30, 1949. Whereas the United States had participated in the activities of 23 international organizations in 1939,

this Government participated in 47 such organizations in 1949; (2) that the assessed United States percentage share in contributions to international organizations varied from approximately 2 percent of the total in some cases to approximately 70 percent in others, with an average of about 50 percent; (3) that the United States would have to continue to pay a disproportionate share of the expenses of these organizations if it proposed to continue its membership; (4) that during fiscal year 1949, the United States had participated in some 6,000 meetings all over the world, of which more than 3,000 grew out of conferences of the United Nations and the specialized agencies; (5) that the major portion of United States international organization outlays were made in connection with contributions to emergency and relief projects; (6) that there were in existence too many international organizations, many of which appeared to be performing similar or related functions, resulting in dispersion and duplication of effort and a waste of public funds; and that attempts were being made by both the Department of State and the United Nations to remedy this situation; and (7) that with respect to the organization of the Government to meet its vast international organization responsibilities, there was a serious lack of coordination between the various agencies and departments of the Government, which might be resulting in waste and duplication and might also be impairing the effective presentation of this Government's policies and position in conferences and meetings of international organizations.

The subcommittee concluded that the time had come when very careful consideration must be given to any increased participation by the United States in additional international organizations outside of the United Nations and Inter-American systems; that in view of the urgent need for effecting a substantial reduction in expenditures for these purposes, the subcommittee urged the executive branch of the Government to continue its efforts (1) to oppose the creation of any new international organizations; (2) toward effecting the liquidation, consolidation, or integration of existing organizations where duplication or overlapping appear to exist; (3) to assure that the organizations in which the United States participates are pursuing prudent internal policies with respect to budgetary and auditing procedures, administration and personnel; and (4) to continue to press for a reduction in the assessments levied by these organizations against the United States.

Finally, the subcommittee concluded that within the framework of our own Government, there was an urgent need for interdepartmental coordination in the formulation and presentation of United States policy with respect to international organizations. Accordingly, it was recommended that the President should, by Executive order, establish guiding principles clearly defining the respective responsibilities of the Department of State and the other departments and agencies of the Government, with respect to participation in international organizations, assigning such responsibilities as the preparation of the policy and position to be taken in conferences and meetings of international organizations, the conduct of negotiations and the selection of representatives to attend conferences and meetings; that the President should also establish an over-all interdepartmental board or committee with various segments or sections devoted to particular fields, replacing those of the existing interdepartmental

committees which are not statutory; that such a board should have both Cabinet and lower-level representation as well as a permanent secretariat consisting of technical experts from every agency and department which has any appreciable responsibilities in the general field of foreign affairs and in the specific field of international organizations; that the traditional position of the Department of State, as the agency responsible for foreign policy, should be given due consideration; and that the departments and agencies of this Government, having responsibilities with respect to the support of United States participation in international organization affairs, should establish, at the earliest possible time, adequate machinery to enable them to handle these obligations effectively.

The report also noted that the Department of State had adopted this subcommittee's earlier recommendations with respect to the budgeting of international organizations expenditures with the result that in the 1951 Federal budget there appeared a clear and definite breakdown of the precise amounts of money devoted by this Government to contributions to international organizations, rather than the lump sum items which have appeared in the past and have included other expenditures. However, it was pointed out that an additional breakdown in the budget document, showing greater detail, with respect to the use the public funds would enable both taxpayers and legislators to ascertain at a glance the total amounts of money devoted by this Government to these organizations during any given fiscal year.

The material contained in this report and the findings and conclusions of the subcommittee were used by the Senate Committee on Appropriations in connection with its consideration of the State Department's budget requests for 1951, and a portion of the report was read into the record with approval, during hearings before a subcommittee of the Appropriations Committee, by Senator Pat McCarran, its chairman. (Hearings before the subcommittee of the Committee on Appropriations, United States Senate, Departments of State, Justice, Commerce, and the Judiciary, appropriations for 1951, 81st Cong., 1st sess., pp. 512-13.)

During the second session of the Eighty-first Congress, the subcommittee devoted considerable time to a careful analysis of the manner in which the various agencies and departments of the Government are organized to meet their international organization affairs responsibilities. Questionnaires were sent to the departments and agencies requesting information with respect to internal machinery for international organization participation or support; methods by which coordination is effected with the Department of State and other organizations concerned; deficiencies and weaknesses in the existing system; recommendations with respect to eliminating these weaknesses and strengthening the coordinative process; and the role of the Department of State in effecting interdepartmental coordination. Work on this subject is continuing and a report covering the subcommittee's findings and conclusions is expected to be prepared at some future time.

The subcommittee also prepared a report entitled "United States Relations With International Organizations: V. Internal Operations of Certain International Organizations in Which the United States Participates." This report, which will be completed shortly, contains a detailed analysis of the major problems which exist in the United Nations system, including such matters as budgetary and financial

procedures and problems, program formulation and execution, priorities, personnel, and coordination. Definite recommendations will be made concerning the strengthening of the administrative and budgetary processes and the correction of structural weaknesses which appear to be impeding the efficient and economical operation of the system at considerable cost to the United States which contributes the major portion of the funds of these organizations.

ACTIVITIES OF THE SUBCOMMITTEE TO STUDY INTERGOVERNMENTAL RELATIONS

The Subcommittee To Study Intergovernmental Relations took on an additional job in the Eighty-first Congress when, pursuant to section 102 (1) (g) (2) (D) of the Legislative Reorganization Act, it began a detailed analysis of the Hoover Commission's Report on Federal-State Relations and the accompanying task force report of the Council of State Governments (S. Doc. 81). The Commission's report contained five recommendations, on at least four of which the subcommittee could take some action. These recommendations were as follows:

(1) That the functions and activities of government be appraised to determine which can be most advantageously operated by the various levels of government, and which require joint policy making, financing, and administration.

(2) That our tax systems, national, State, and local, be generally revised and that, in this revision, every possible effort be made to leave to the localities and the States adequate resources from which to raise revenue to meet the duties and responsibilities of local and State governments.

(3) That all grants-in-aid which are given to State governments directly be budgeted and administered on the Federal and State levels as are other Federal and State funds.

(4) That the grants-in-aid plan and program be clarified and systematized.

(5) In order to accomplish all of these things in an adequate and orderly manner, that a continuing agency on Federal-State relations be created with primary responsibility for study, information, and guidance in the field of Federal-State relations.

The subcommittee agreed that the most pressing need was for the establishment of such "a continuing agency on Federal-State relations * * * in order to accomplish all of these things in an adequate and orderly manner," and therefore it immediately proceeded to the scheduling of extensive hearings. These hearings were held jointly with the House Subcommittee on Intergovernmental Relations, May 9 through 13, 1949. Three Senate bills, Senate Joint Resolution 41, S. 767, S. 810, and four House bills, H. R. 2389, H. R. 3944, H. R. 3184, and H. R. 4507 were considered. With the exception of Senate Joint Resolution 41 which limited itself to intergovernmental fiscal relationships, these bills were similar in character in that they all provided for the establishment of a National Commission on Intergovernmental Relations.

Oral testimony was secured from the Honorable William Preston Lane, chairman of the Governors' Conference, and president of the

Council of State governments; the Honorable Alfred E. Driscoll, Governor of New Jersey; the Honorable William Lee Knous, Governor of Colorado; John E. Burton, director of the budget, State of New York; and many others from both the executive and legislative branches of Federal, State, and local governments.

Written testimony was received from the Honorable Frank L. Lausche, Governor of Ohio; the Honorable Adlai E. Stevenson, Governor of Illinois; the Honorable Chester Bowles, Governor of Connecticut; the Honorable de Lesseps S. Morrison, mayor of New Orleans, La.; and William Anderson, director of research in intergovernmental relations, University of Minnesota, among others.

Both the oral and written testimony was unanimously in favor of the establishment of such a commission, and after thorough study of all the bills introduced the subcommittee unanimously agreed to report a committee bill, S. 1946. S. 1946 was designed by the subcommittee to incorporate the desirable features of the bills already introduced, and was sponsored by all members of the subcommittee, as well as 24 other Senators.

The full committee accepted the recommendation of the subcommittee and reported S. 1946 unanimously (S. Rept. No. 488). However, on May 26, 1949, upon reaching the calendar, the bill failed of passage by a single objection, whereupon the subcommittee began consideration of a revised bill to meet this objection.

On June 22, 1950, the subcommittee recommended its new bill, S. 3147, to the full committee, and again the full committee reported it unanimously (S. Rept. No. 1856). S. 3147 provided for a temporary commission rather than a permanent one, and changed the method of selection of its members. This time the bill was sponsored by 42 Senators. However, when it reached the calendar again, it was again objected to, but this time from a different quarter. The subcommittee plans to continue its efforts to reconcile these objections, and will hold hearings to that end in the Eighty-second Congress.

During the life of the Eighty-first Congress the subcommittee continued to maintain a close day-to-day working relationship with the various associations representing the State and local levels of government, and was represented at all conferences where Federal-State-local relations were under discussion. Typical of these was the American Municipal Congress, held early in December of 1950, where the subject was, Do State and Federal Grants-in-Aid Mean the End of Strong Local Government? The Governors' Conference and the United States Conference of Mayors also regularly concern themselves with the status of intergovernmental relations, and thus the subcommittee is kept abreast of all developments in the field as they arise. Close coordination is also maintained with the Bureau of the Budget's Federal-State Relations Branch, the Federal Security Agency's Office of Federal-State Relations, and the Treasury Department's Federal-State Relations Section.

In the latter half of the second session the subcommittee began a survey of all intergovernmental research being conducted by American universities with the objective of integrating this research with the activities of the subcommittee. Particular emphasis was placed on projects concerned with (a) intergovernmental tax competition, (b) grants-in-aid, (c) tax sharing, (d) allocation of governmental functions and powers, (e) intergovernmental tax immunities, and (f) past and

present relations between national, State, and local governments. As yet incomplete results indicate that over 50 universities are engaged in excess of 200 intergovernmental research projects, substantially all of which will be useful to the Subcommittee on Intergovernmental Relations.

The Subcommittee on Intergovernmental Relations also serves as a congressional clearinghouse for information regarding the 40 Federal grants-in-aid programs and their application to the individual 48 States.

In compliance with recommendations Nos. 3 and 4 of the Hoover Commission's Report on Federal-State Relations, the subcommittee has in preparation for submission to the Eighty-second Congress a report which will constitute a complete review of all Federal grant-in-aid programs. It will deal with the unattained as well as the attained objectives of Federal grant-in-aid programs, and will take cognizance of the wartime role of Federal grants-in-aid.

The subcommittee anticipates that with the defense mobilization program moving into high gear in 1951 the number of conflicts between the Federal Government and State and local governments will be substantially increased. Federal activity in the fields of (1) war housing, (2) supply and distribution of farm labor, (3) emergency maternity and infant care, (4) maintenance of community facilities, (5) payments in lieu of taxes, (6) employment administration, (7) civilian defense, will account for that increase. The subcommittee feels that it is essential that there be some place within the legislative branch of the Federal Government where these disputes between levels can at least be aired, and possibly settled. Both public and executive hearings can go a long way toward resolving these war-born difficulties between levels of government.

During the first session of the Eighty-first Congress the subcommittee was composed of Senators Glen H. Taylor, of Idaho, chairman; Russell B. Long of Louisiana; Hubert H. Humphrey, of Minnesota; Margaret Chase Smith, of Maine; and Andrew F. Schoeppel, of Kansas; and during the second session consisted of Senators Hubert Humphrey, of Minnesota, chairman; Edward L. Leahy, of Rhode Island; William Benton, of Connecticut; Margaret Chase Smith, of Maine; and Andrew F. Schoeppel, of Kansas.

Inasmuch as the Legislative Reorganization Act of 1946 specifically requires the committee "to study intergovernmental relationships between the United States and the States and municipalities," and the Hoover Commission states that "Federal-State relations is the cardinal question of our Federal system of government," it is believed that this subcommittee's work is essential for the information and guidance of Congress.

ACTIVITIES OF THE SUBCOMMITTEE TO INVESTIGATE WILDLIFE CONSERVATION

The Subcommittee to Investigate Wildlife Conservation was established within the Committee on Expenditures in the Executive Departments to comply with the requirement of the Legislative Reorganization Act of 1946, which gives the committee the duty of "studying the operation of Government activities at all levels with a view to determining its economy and efficiency." Inasmuch as the wildlife

conservation activities of the Federal Government are scattered through several departments and agencies, an annual review of these activities is not feasible by any of the standing substantive committees of the Senate.

The members of the subcommittee in the first session of the Eighty-first Congress were Senators James O. Eastland of Mississippi, chairman, Glen Taylor, of Idaho, and Andrew F. Schoeppel of Kansas. In the second session Senator Taylor was replaced by Senator Edward L. Leahy, of Rhode Island.

After soliciting and receiving annual reports from all Federal departments and agencies engaged in wildlife conservation activity, the subcommittee proceeded with its annual hearings on February 9 and 10, 1949, and February 13 and 14, 1950. Testimony was secured from the Fish and Wildlife Service, the National Park Service, the Bureau of Land Management, the Bureau of Reclamation, the Forest Service, the Soil Conservation Service and the Corps of Engineers.

The subcommittee has also instituted the practice of receiving testimony from private conservation groups and associations, such as the Wildlife Management Institute of Washington, the National Wildlife Federation, the Outdoor Writers' Association of America, the League of Maryland Sportsmen, the Izaak Walton League, and Ducks Unlimited.

Senator A. Willis Robertson, of Virginia, formerly chairman of the House Select Committee on Conservation of Wildlife Resources, has acted as an ex officio member of the subcommittee, devoting himself primarily to the task of determining whether proper coordination exists between the various departments and agencies in order that they do not operate at cross-purposes.

The result of these annual hearings is the compilation of all department and agency annual reports, as well as testimony, into a single volume which serves as a reference manual for the combined wildlife conservation activities of the Federal Government.

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